

Weekly Report

the authoritative reference on Congress

WEEK ENDING DEC. 24, 1954

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RECIPROCAL TRADE

Fight Over Export-Import Policies To Resume In 84th Congress

OF SPECIAL INTEREST :

FARM BUREAU OUTLINES
PROGRAM FOR 1955

CONGRESS TO CONSIDER
SMALL BUSINESS AIDS

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capitol quotes

A MERRY CHRISTMAS DEPENDS ON...

Where You Are--"Saturday will be Christmas... It will be a day when the free people of the world renew their faith, hopes and dreams. While we will go to the church of our choice...many behind the Iron Curtain will secretly worship in their homes. They will fear arrest by the secret police. How wonderful it is to be living in this great country of ours. We should be forever thankful." Rep. A.L. Miller (R Neb.).

"It's great to be in America any time, and especially so at Christmas. I sincerely hope that all of you will accept the wishes of the Rogers family for a Joyous Christmas and a Happy New Year." Rep. Walter Rogers (D Tex.), Dec. 17.

How You Feel--"Wherever hope brightens a sad heart--where unselfishness lifts a life out of drabness--where joy and faith and love take over for even one day out of the year--then that day is Christmas. The word itself and its deep, deep meaning is enough. Happy Christmas to you all." Rep. Elizabeth Kee (D W.Va.), Dec. 17.

What You Believe In--"Yes, my children, there is a Santa. He is just as clear to us, as near and as dear as is that moon shining down upon us these crisp and clean wintry nights. His eyes are ever upon us, His heart ever with us, and His gifts to us boundless throughout the years of our lives...He never forsakes us...Santa, my children, is the Prince of Peace." Rep. Earl Wilson (R Ind.), Dec. 20.

What You Make of It--"This is the season for commemorating the rights of man, and his freedoms. In this season, in this period of prelude to that holiday which marks the coming of a Great Teacher and His Great Truths to this earth, it is well to recall that the basic concept of the worth and dignity of man, and the inalienable rights of man, flow from these Teachings and from those of the other Great Prophets and Teachers of the major faiths of mankind." Sen. Herbert H. Lehman (D N.Y.), Dec. 14 speech.

"The Christmas season, we all realize, is not simply an opportunity to exchange gifts and greetings...It also has universal significance. At this time the whole world can join in prayer for peace and good will." Rep. Peter Frelinghuysen, Jr. (R N.J.).

URNS AND TURNKEYS

Knowing Left From Right--"Keep Left is a common sign on many of the streets and roads in Africa because the British custom of driving on the left side is followed. Keep Left is not a slogan for political and social policy in most of these countries because there is a fight against Socialism and Communism that is gratifying." Rep. John V. Beamer (R Ind.), Dec. 14, report on his trip to Africa.

A Matter of Record and Instinct--"We Democrats can defeat Eisenhower or any other Republican nominee by writing a responsible record on domestic problems, by showing what a Democratic Congress can do. When the people vote their natural instincts, the Democrats always win. The Republicans win only when they can upset this natural inclination, as they were able to do in 1952." Sen. John J. Sparkman (D Ala.), Dec. 20.

Appearances--"I strongly urge...that Congress be informed of the present needs for an expanded program of improvement and upkeep of our federal buildings throughout the country so that an adequate program may be developed and necessary appropriations considered for it. I am not advocating a vast public works program, but rather a more adequate program of upkeep and maintenance of public property already in use in which millions of dollars have been invested." Sen. Edward J. Thye (R Minn.), Dec. 16, letter to Edmund F. Mansure, head of the General Services Administration.

Americans in Red Jails--"President Eisenhower is determined to accomplish the release of the Americans who are illegally held by the Communists. The United States has won the 'first round' in the action taken by the United Nations and the American delegate to the UN, Henry Cabot Lodge, did a remarkably fine job in making Jacob Malik, Russia's delegate in the debate, back-track by exposing the weakness of Red China." Rep. Gerald R. Ford, Jr. (R Mich.), Dec. 23 release.

"Instead of taking any independent action other than written protests, we go to the United Nations and ask this debating society to free our citizens... Of course Russia will agree to free these men--if Red China can come into the United Nations." Rep. Usher L. Burdick (R N.D.), Dec. 23 release

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RECIPROCAL TRADE

Battle Over Administration's Export-Import Policies May Start With

Assignments To House Ways And Means, Senate Finance Committees

A first-class scramble is taking place on Capitol Hill over who is to get the five new Democratic seats on the House Ways and Means Committee in the 84th Congress.

Reason is that protectionist-minded Democrats -- and there are some -- expect the Eisenhower Administration to make a major effort to liberalize U.S. foreign economic policy, including the reciprocal trade program. Membership on the Committee, which handles reciprocal trade legislation, would put them in a strong position to make their views felt.

As the new majority party, Democrats inherit from Republicans the right to 15 seats on the 25-member committee. First in line for committee openings are lawmakers with prior committee service, who lost their seats when control of Congress passed to the opposite party. But of the 15 Democrats who sat on the Ways and Means Committee in 1952, only 11 will be around Jan. 5, 1955, 10 of whom are currently Committee members. If the odd man, Rep. Burr P. Harrison (D Va.), regains his seat, there will still be four openings.

GOP'S PROBLEM

Republicans have a similar problem, in reverse. They must trim their present majority of 15 to 10. However, the job was simplified by the Nov. 2 election, which elevated two Committee members to the Senate (Reps. Carl T. Curtis of Nebraska and Thomas E. Martin of Iowa) and removed one from Congress (Rep. Angier L. Goodwin of Massachusetts).

If precedent is followed, Republicans will meet their quota by dropping their two lowest-ranking

members on the Committee, Reps. James B. Utt (Calif.) and Victor A. Knox (Mich.). Utt voted against the one-year extension of the Reciprocal Trade Agreements Act in 1954, and Knox was paired against it. Only other committeeman who opposed the bill was Rep. Noah M. Mason (R Ill.), who was paired against it.

Chief stumbling block in the way of aspiring Democratic "protectionists" is Rep. Sam Rayburn (D Tex), who as Speaker of the new House will have a big say in committee assignments. Rayburn, who has taken part in eight previous fights to extend the reciprocal trade law, has passed the word that he expects to go along with President Eisenhower's recommendations in 1955. Rayburn has even said he would like to see the law made permanent.

OTHER DEMOCRATIC SUPPORT

Also committed to supporting the Eisenhower proposals is Rep. Jere Cooper (D Tenn.), Chairman-to-be of the Ways and Means Committee. Cooper has told fellow Democrats he thinks it would be wrong psychologically for them to change any of the President's recommendations.

In the Senate, the Finance Committee handles reciprocal trade proposals, and there, too, Democrats enjoy the right to eight members on the 15-man Committee. This means they must name two new members--one to succeed Colorado's retiring Edwin C. Johnson and one to achieve the majority. The GOP problem is taken care of by the departure of Sen. Sam W. Reynolds (Neb.), who was appointed to succeed the late Sen. Hugh Butler and did not run for election.

Whether the changing composition of the Ways and Means and Finance Committees can or will affect the fate of the President's trade proposals remains to be seen.

SENATE KEY VOTE

Key 1954 test on reciprocal trade came in the Senate on the move by Albert Gore (D Tenn.) to substitute the three-year extension first requested by Mr. Eisenhower for the one-year extension which the President later said was satisfactory. Gore's substitute was rejected, 32-45, with only Democrats voting for it. Among those voting "No" were all eight Republican members of the Finance Committee. Three Democratic members also were opposed--Sens. Walter F. George (Ga.) and Johnson, who voted against it, and J. Allen Frear, Jr. (Del.), who was paired against it.

Present indications are that President Eisenhower will ask for three-year authority to negotiate tariff reductions on a reciprocal basis. He first made such a request in 1954 following recommendations of his Commission on Foreign Economic Policy --the so-called Randall Commission.

Latest clue to the importance which the President attaches to a more liberal foreign trade policy is his Dec. 17 order regarding the Buy-American Act. The Act, which directs the federal government to favor American suppliers in its purchases, has aggravated many lower-bidding foreign manufacturers. Under the new order, the price differential favoring domestic producers will be lowered sharply, in some cases from 25 percent to as little as 6 percent. (See CQ Weekly Report, p. 1458.) This means that American suppliers whose bids are more than 6 percent higher than corresponding foreign bids may lose sales.

ROUGH SAILING AHEAD?

While the Democratic victory in November has been hailed as a guarantee of a more liberal trade program, some rough sailing is in store for the Eisenhower proposals. American producers who see a threat in foreign imports will fight for tariff or other protection. For the past two weeks they have been testifying at length before the U.S. Tariff Commission in regard to imports from Japan, with which the State Department hopes to conclude a reciprocal trade agreement next year. When the Administration's over-all proposals go to Congress, witnesses are expected to be on hand to testify against them.

Since Congress first passed the Reciprocal Trade Agreements Act in 1934, the law has had a stormy history. Generally, Democrats have favored it and Republicans have opposed it, but in the 84th Congress, sectional as well as partisan differences may emerge. Rhode Island and West Virginia, for

instance, are states which, although represented by Democratic Senators, have suffered economic injury which they blame on imports.

FACT SHEET

Background on reciprocal trade proposals is contained in the following eight pages, which are advance proofs from the 1954 CQ Almanac. The Almanac is scheduled for publication early in January, 1955.

TRADE COMMITTEES

Here are prospects for membership on committees which will handle reciprocal trade legislation in the 84th Congress. A line drawn through a name indicates a member as of the end of the 83rd Congress who probably will not serve during the 84th.

SENATE FINANCE

Democrats

George (Ga.)
Byrd (Va.)
*~~Johnson (Colo.)~~
Kerr (Okla.)
Frear (Del.)
Long (La.)
Smathers (Fla.)
VACANCY
VACANCY

Republicans

Millikin (Colo.)
Martin (Pa.)
Williams (Del.)
Flanders (Vt.)
Malone (Nev.)
Carlson (Kan.)
Bennett (Utah)
*~~Reynolds (Neb.)~~

HOUSE WAYS AND MEANS

Democrats

Cooper (Tenn.)
Dingell (Mich.)
Mills (Ark.)
Gregory (Ky.)
Forand (R.I.)
Eberharter (Pa.)
King (Calif.)
O'Brien (Ill.)
Boggs (La.)
Keogh (N.Y.)
VACANCY
VACANCY
VACANCY
VACANCY
VACANCY

Republicans

Reed (N.Y.)
Jenkins (Ohio)
Simpson (Pa.)
Kean (N.Y.)
**~~Curtis (Neb.)~~
Mason (Ill.)
**~~Martin (Iowa)~~
Holmes (Wash.)
Byrnes (Wis.)
*~~Goodwin (Mass.)~~
Sadlak (Conn.)
Baker (Tenn.)
Curtis (Mo.)
***~~Knox (Mich.)~~
***~~Lat (Calif.)~~

*Retired or defeated

**Leaving House for Senate

***"Surplus" members likely to be dropped because of low seniority.

Rep. Burr P. Harrison (D Va.) probably will have first call on one of the Ways and Means vacancies, since he served on the Committee during the 82nd Congress.

Randall Report, Reciprocal Trade

HR 9474 — Reported (H Rept. 1777) by the House Ways and Means Committee June 10, 1954.

Passed by the House June 11 by a 281-53 roll-call vote (see page 292).

Reported by Senate Finance Committee (S Rept. 1605) June 16.

Passed by the Senate, amended, June 24 by a roll-call vote of 71-3 (see page 296).

House accepted Senate amendments, with an amendment, by voice vote June 28.

Senate accepted House amendment June 29 by voice vote.

P.L. 464 — Signed into law July 1.

The bill extended for one year the President's authority to enter into international trade agreements under the Trade Agreements Act of 1934.

The action was taken pending hearings and further study in 1955 on the report of the President's Commission on Foreign Economic Policy, submitted Jan. 23, 1954.

The President had asked on March 30 for a three-year extension and revision of the Trade Agreements Act, but indicated May 20 that a one-year extension would be acceptable to him.

Provisions

As signed by the President, HR 9474:

Extended the Trade Agreements Act of 1934, amended, until June 12, 1955.

Provided that duties should not be lowered if, in the President's opinion, the action would interfere with domestic defense production.

Stipulated that Congress neither approved nor disapproved the international General Agreement on Tariffs and Trade (GATT).

BACKGROUND

References. CQ Almanac, Vol. I, 1945, "Reciprocal Tariff Act," p. 156 and "Extension of Reciprocal Trade Agreements," pp. 310-317; Vol. IV, 1948, "Reciprocal Trade," pp. 190-192; Vol. V, 1949, "Trade Agreements Extension Act," pp. 362-369; Vol. VII, 1951, "Reciprocal Trade Agreements Act," pp. 214-219; Vol. IX, 1953, "Trade Agreements Extension," pp. 210-217.

The first U.S. Trade Agreements Act became law in 1934 (actually, it is section 350 of the Tariff Act of 1930, as amended).

The 1934 measure authorized the President to enter into reciprocal trade agree-

ments with other nations with the object of adjusting import duties. The President was permitted to increase or decrease duties within a 50 per cent range of rates prescribed in the Smoot-Hawley Tariff Act of 1930. (This feature was amended in 1948 to establish rates in existence on Jan. 1, 1945 as the base for adjustments.)

The trade program was extended in 1937, 1940, 1943, 1945, 1948, 1949, 1951 and 1953. The 1948 extension of only one year included a "peril points" provision which required the Tariff Commission to recommend minimum rates necessary to protect domestic production of articles similar to those on which duties were to be reduced (CQ Almanac, Vol. IV, 1948, pp. 190-192).

In November 1948, President Harry S. Truman made "peril points" one of the issues of his election campaign. The Democratic 81st Congress repealed the feature when it extended the trade agreements program for two years in 1949 (CQ Almanac, Vol. V, 1949, pp. 362-369).

The two-year 1951 extension of the Trade Agreements Act restored the "peril points" provision and required the President to report his reasons to Congress if he made an agreement setting tariffs below "peril points." The President was also required to see to it that Communist nations did not benefit from tariff cuts (CQ Almanac, Vol. VII, 1951, pp. 214-219).

Escape Clause Added

The 1951 measure also provided that no import duty reduction should be permitted to continue if it resulted in serious injury to a domestic industry ("escape clause").

President Truman rejected the Tariff Commission's only operative peril point recommendation Aug. 29, 1952. He explained to Congress his reasons for concluding an agreement granting concessions to Venezuela on petroleum duties beyond the limits recommended by the Commission.

Fifty-nine escape clause cases had been placed before the Commission by April, 1954. In eight cases, use of escape clauses was recommended by the Commission.

President Truman complied on three of these recommendations — one in 1950 and two in 1952. He rejected two recommendations in 1952.

President Eisenhower rejected one recommendation and asked the Commission to conduct further study on two others in 1953.

President's 1953 Request

On April 7, 1953, President Eisenhower submitted to the House a request for a one-year extension of the Trade Agreements Act, pending a "thorough and comprehensive re-examination" of foreign economic policy.

Although legislation to extend the Act for one year without significant changes, as requested by the President, had been introduced, the House Ways and Means Committee held hearings on another bill (HR 4294) which extended the Act for one year, but with added restrictions.

Major provisions would have broadened the definition of "injury" warranting a Tariff Commission finding that a concession would lower duties below "peril points," and would have required the President to follow Commission recommendations on "peril points" and "escape clauses."

Import Limits

HR 4294 also would have provided quotas or import taxes on lead, zinc and petroleum imports and an increase in the membership of the Tariff Commission from six to seven members.

O. R. Strackbein, chairman of the Nation-wide Committee of Industry, Agriculture, and Labor on Import-Export Policy, said the bill would "rescue the Tariff Commission from the blight of domination by executive power."

The National Foreign Trade Council warned that HR 4294 might "seriously curtail international trade and imperil the efforts of the free world to combat Communist aggression."

The general objectives of the measure were favored by more than 50 business organizations and individual concerns testifying before the Committee April 29 to May 1 (for complete listing, see CQ Almanac, Vol. IX, 1953, pp. 211-212).

Administration Against Bill

On May 4, Secretary of State John Foster Dulles and Secretary of the Treasury George M. Humphrey opposed the bill. Dulles said it would be better to allow the Trade Agreements Act to expire than to pass HR 4294. He told the Ways and Means Committee that the Administration planned no new tariff concessions before the end of fiscal 1954. Humphrey promised more vigorous protection of American industry under existing tariff laws than had been offered under the Democrats.

Spokesmen for leading agricultural organizations opposed the bill May 7. Independent oil producers, coal interests, railroads and Members of Congress from mining states supported tariffs on petroleum imports in HR 4294, while major oil companies with overseas oil properties opposed the restrictions. Lead and zinc producers supported restrictions on imports of metals in the legislation, but metal processing companies and related labor unions opposed such provisions.

Differences Compromised

The Committee compromised differences between Administration requests and the desires of protectionist Congressmen and reported June 9 a bill (HR 5495) which eliminated most of the provisions of HR 4294 which were objectionable to the Administration.

The new bill did not include: the broadened definition of "injury" warranting tariff relief; the requirement that the President follow Tariff Commission recommendations on peril points and escape clauses; oil quotas and lead and zinc import taxes. It added a provision for the establishment of a 17-member Commission on Foreign Economic Policy.

The bill became law, without major change in its provisions (for details of 1953 action, see CQ Almanac, Vol. IX, 1953, pp. 210-217).

RANDALL GROUP

In August, 1953 the 17-member Commission on Foreign Economic Policy (popularly known as the "Randall Commission") was appointed.

Vice President Nixon appointed the five Senators as provided in the law (P.L. 215): Eugene D. Millikin (R Colo.), Bourke B. Hickenlooper (R Iowa), Prescott Bush (R Conn.), Walter F. George (D Ga.) and Harry F. Byrd (D Va.).

Speaker Joseph W. Martin, Jr. (R Mass.) appointed the five Representatives: Daniel A. Reed (R N.Y.), Richard M. Simpson (R Pa.), John M. Vorys (R Ohio), Jere Cooper (D Tenn.) and James P. Richards (D S.C.) — later replaced by Rep. Laurie C. Battle (D Ala.).

President Eisenhower appointed Clarence B. Randall, chairman of the board of the Inland Steel Company, as chairman of the Commission. The remaining public members named by President Eisenhower were: Jesse W. Tapp, executive vice president of the Bank of America in San Francisco; John Hay Whitney, a senior partner in the J. H. Whitney Co. of New York; David J. McDonald, president of the United Steelworkers of America (CIO); Cola G. Parker, board chairman

of the Kimberly-Clark Corp.; John H. Williams, professor of political economy at Harvard University; and Lamar Fleming, Jr., president of Anderson, Clayton and Co. of Texas.

On May 1, 1953, President Eisenhower had proposed a bipartisan Commission to recommend ways to "achieve the highest possible levels of international trade without subjecting parts of our economy to sudden or serious strains."

In September, 1953, Chairman Randall announced that the Commission had made an "excellent start," although its members were "at variance with each other" on many points. President Eisenhower told the Commission at the time: "It is essential that we help develop new markets for our great productive power and at the same time assist other nations to earn their own living in the world."

Groups Testify

Oct. 28 and 29, the Commission heard testimony for more liberal trade policies from Allan B. Kline, president of the American Farm Bureau Federation; Meyer Kestnbaum, Committee for Economic Development; Boris Shiskin, speaking for George Meany, president of the AFL, and Warren Lee Pierson of the International Chamber of Commerce.

On Oct. 30, The Nation-wide Committee of Industry, Agriculture and Labor on Import-Export Policy, headed by O. R. Strackbein, adopted a resolution calling for the dismissal of Randall because, according to the organization, he had expressed views favoring the boosting of imports in his book, "Freedom in Faith."

When the Commission concluded its hearings Nov. 13, the United Mine Workers also asked that Randall be replaced as chairman. UMW said the hearing schedule had denied it an opportunity to be heard by the Commission.

On Dec. 16, the Commission received a proposal from the Committee for a National Trade Policy (for a description, see "Group Stands" below) calling for a broad tariff reduction program, coupled with federal aid to companies and communities hurt by foreign competition. The group advised consideration of the "total national interest" as the test of whether tariffs and import quotas should be reduced on any given commodity, rather than the interest of any particular area of industry.

In his State of the Union message Jan. 7, 1954, President Eisenhower told Congress: "The free world can no longer afford the kinds of arbitrary restraints on trade that have continued ever since the war. On this problem I shall submit to the Congress detailed recommendations, after our joint Commission on Foreign Economic Policy has made its report."

COMMISSION REPORT

On Jan. 23, well in advance of the March 6 deadline required by Public Law 215, Chairman Randall submitted to the Congress and the President the report of the Commission.

Major Conclusions:

Economic aid on a grant basis should be terminated as soon as possible. Off-shore procurement should effectively serve its military purpose and not be used as a form of general economic aid.

Technical assistance, with properly staffed, carefully selected, and soundly administered projects, should be pressed forward vigorously but should not become a "big money" program or involve capital investments.

In support of increased U.S. foreign investment, the government should make clear the principles underlying creation of a better climate for such investment. Treaties establishing fair treatment should continue to be negotiated. Primary reliance must be placed on private investment. Three tax changes should be made:

reduction of at least 14 percentage points in taxes on income from investment abroad;

removal of certain restrictions on foreign tax credits;

options in treatment of direct foreign investments as branches or as subsidiaries for tax purposes, and permission to make consolidated returns without the two per cent penalty tax.

Domestic agricultural programs and foreign economic policies should be harmonized: Elimination of such devices as inflexible price support programs which result in fixed prices, export subsidies, import quotas, excessive use of tariffs, exchange restrictions and state trading, would be in the interest of a dynamic foreign economic policy. The International Wheat Agreement should be kept under critical review, and its termination in 1956 considered.

The problem of price instability of raw materials is unlikely to be solved by commodity agreements or buffer stocks. More promising are measures to relax or remove impediments to U.S. foreign trade and diversification of foreign economies.

U.S. dependence on imported materials can be lessened by increased investment where investors are assured against capricious levies on exports or production. U.S. tariff policies should offer reasonably easy access to needed materials in the U.S. market.

The Buy American Act and related provisions should be amended to empower the

President to exempt from such provisions bidders from nations that treat U.S. bidders on an equal basis. Pending such amendment, the President should direct procurement agencies to consider foreign bids on the same basis as domestic bids.

Tariff Schedules

Congress should direct the Tariff Commission to study tariff schedules, proposing simplification of commodity definitions and rate structures, with the President empowered to proclaim such changes providing they do not alter total duties collected. The Treasury should formulate proposals to simplify classification of articles not enumerated in tariff schedules. The Senate should promptly consider HR 6584 to improve the customs valuation provisions by eliminating so-called "foreign value" as a basis for valuation. The Treasury should: Report to Congress on the feasibility of making greater use of actual invoice price for valuation and on more efficient use of the anti-dumping law; study difficulties and delays in customs administration; transfer to the Tariff Commission the task of determining when dumping is taking place.

U.S. policy of non-discrimination in trade matters, as reflected in the unconditional most-favored-nation policy, should not be changed.

The organizational provisions of the General Agreement on Tariffs and Trade should be renegotiated, and submitted to Congress for approval.

The President's powers to negotiate under the Reciprocal Trade Agreements Act should be extended for not less than three years, authorizing him to: Reduce, through multilateral negotiation, existing tariff rates by not more than five per cent a year; reduce, with or without reciprocal concessions, tariffs on products not imported, or imported in small volume, by half the rates effective in 1945; reduce to 50 per cent ad valorem, or its equivalent, any rate in excess of that ceiling. In the exercise of these powers, present public notice and hearing procedures should be followed, peril points determined, and escape clauses maintained.

Plant and animal quarantines should be maintained.

Federal Aid to Injured Groups

A proposal for government assistance to communities, employers and workers in case of injury due to tariff changes was prepared for the Commission by David J. McDonald, president, United Steelworkers of America (CIO), one of the Presidential appointees. All other members dissented, but the Commission felt that the proposal should be presented to the public. Under it companies and communi-

MINORITY VIEWS ON RANDALL REPORT

The variety of opinion represented on the Commission on Foreign Economic Policy (the Randall Commission) was indicated by the number of dissents and statements registered by its members.

The chart below indicates the dissents and statements, by sections of the reports, which were submitted by members who were Presidential Appointees, Senators, and Representatives.

KEY: (part) indicates a dissent from some of the recommendations; (s) means amplifying statement; (cs) means concurring statement; (letter) means letter of comment. Use of "&" between names in same group, and dashes connecting members of different groups, shows they joined in common statement.

PRESIDENTIAL APPOINTEES	SENATORS	REPRESENTATIVES
FOREIGN AID AND TECHNICAL ASSISTANCE		
Economic and Military Aid		
McDonald	George & Byrd (part) Millikin (letter)	Battle (part)
Technical Assistance		
McDonald	Millikin (letter)	
U. S. FOREIGN INVESTMENT		
McDonald (cs)	Hickenlooper (part) George (part) Byrd (part) Millikin (part)	Reed (part) Simpson (part)
PROBLEMS OF AGRICULTURE AND RAW MATERIALS		
Agriculture		
McDonald (part)	Millikin (letter) George (part) Hickenlooper (s)	Reed (part) Battle (part) Cooper (s)
Raw Materials		
McDonald	Millikin (letter)	Reed
Whitney (s)	George -----	Battle Simpson
U. S. DEPENDENCE ON IMPORTED MATERIALS		
Fleming (s)	Millikin (letter) Hickenlooper (s) Bush (s) -----	Reed Simpson Vorys (s)
TARIFFS AND TRADE POLICY		
McDonald (s)	Millikin (letter)	Reed Simpson
ADJUSTMENT TO INCREASED IMPORTS		
16 of the 17 commission members dissented from the McDonald proposal. Most of them also filed statements.		
LABOR STANDARDS IN INTERNATIONAL COMPETITION		
McDonald (cs)	Millikin (letter) Byrd Bush (cs) ----- Hickenlooper (s)	Reed Simpson Vorys (cs)
RELATED PROBLEMS OF TRADE ADJUSTMENT		
East-West Trade		
McDonald	Millikin (letter) Hickenlooper George Byrd Bush ----- George & Byrd (s)	Reed Simpson Vorys & Battle
Merchant Marine Policy		
McDonald	George Millikin (letter) Byrd	Reed Simpson Battle
Tapp & Whitney -----	(concurring statement by Tapp in which Whitney & Byrd joined)	

In addition to the above dissents and statements, Congressmen Reed and Simpson submitted a joint statement of general dissent to the report, filed with Randall under a covering letter dated Jan. 18, and later issued a minority report containing a 10-point program of their own.

ties affected would become eligible for: Technical assistance; financing for their adjustment programs; accelerated tax amortization on new plant and equipment; special consideration in the letting of gov-

ernment contracts. Employees of such companies would have: Adjustment assistance, possibly through unemployment compensation administered through federal-state machinery but financed from feder-

al funds; intensive counseling and placement; training and moving allowances; older workers who proved unemployable would become eligible for retirement benefits before 65.

The Commission itself proposed that to protect American workers from unfair competition, tariff concessions should not be granted on products made at wages that are substandard in the exporting country; the U.S. should attempt to raise labor standards through the International Labor Organization and other consultative procedures.

In East-West trade, the ban on U.S. exports to Communist China and North Korea, and efforts to obtain similar action by others, should continue. Exports to the European-Soviet bloc of items contributing to military security should continue to be discouraged, but subject to this limitation, the U.S. should acquiesce in more trade between Western Europe and the Soviet bloc.

Policy for the U.S. merchant marine should take account of the availability of foreign vessels and the importance of their earnings in the balance of international payments. Statutes requiring use of U.S. vessels to transport shipments purchased under U.S. loans or grants should be repealed; an adequate merchant marine should be financed by direct support.

Tourist travel abroad should be facilitated; the duty-free allowance for tourists should be raised from \$500 to \$1000.

The report said currency convertibility was indispensable to worldwide multilateral trade; and that removal of restrictions on payment and trade should go hand in hand.

Minority Statements

Warning flags on Congressional approval of these recommendations were raised in the dissents of Commission members who were also key Congressional leaders. Reps. Daniel A. Reed (R N.Y.), Chairman of the House Ways and Means Committee, and Richard M. Simpson (R Pa.), a ranking member of that committee, entered a joint general dissent, and later issued a minority report indicating vigorous disagreement with a number of Commission findings and offering a 10-point program of their own.

Their minority report proposed: Extension of the reciprocal trade Act for not more than two years; provision of means whereby industries that have laid off workers, or are threatened with layoffs, because of foreign competition, can obtain tariff adjustments equalizing their competitive position; review of the tariff structure, line by line, by the Tariff Commission, to equalize differentials that exist

between this and other countries; review of the Anti-Dumping Act and the Buy American Act — the latter should not be changed to make basic industries, particularly public service industries, dependent on foreign sources for equipment or maintenance; special studies of the raw materials and the agricultural situation; encouragement of foreign investment; loans, probably by the Export-Import Bank, to finance primary industry in Latin America and elsewhere; restoration of convertibility, with a view to return to the gold standard; clarification of government structure to coordinate foreign trade policy and domestic economic and defense policy.

Rep. Laurie C. Battle (D Ala.) dissented four times.

Multiple Dissents

Before the final printing, Sen. Eugene D. Millikin (R Colo.) substituted for earlier specific dissents a letter of comment addressed to Chairman Randall, Bourke B. Hickenlooper (R Iowa) dissented four times, Walter F. George (D Ga.) seven times, and Sen. Harry Flood Byrd (D Va.) four times.

Foreign Trade Message

On March 30, President Eisenhower forwarded to Congress a message on foreign trade policy which he described as "a minimum program which should be judged as a whole" and consisting of "four major parts:

"Aid — which we wish to curtail
"Investment—which we wish to encourage
"Convertibility—which we wish to facilitate, and
"Trade — which we wish to expand."

The message followed closely the report of the Randall Commission. It urged "gradual and selective revision of our tariffs," with a three-year renewal of the Reciprocal Trade Agreements Act, including authority to negotiate reduction of existing U.S. tariffs by not more than five per cent a year; reduction by not more than half, of existing tariffs on goods not being imported or imported in very small quantity; reduction to 50 per cent ad valorem of rates in excess of that amount.

Other recommendations:

Encouragement of investment abroad, by methods already recommended in the Administration's tax program and by broadening of the guarantees against losses on new investment under the Mutual Security Program; and

Liberalization of the Buy American Act in the case of bidders from countries that give equal treatment to U.S. bidders.

Passage of a bill which would permit tourists to bring in \$1,000 worth of foreign purchases duty free.

Termination of economic grant aid as soon as possible, though "modest amounts" of further aid might be necessary in some cases in the interests of security. Wherever possible, loans not grants should be made. Technical cooperation should be "pressed forward vigorously," but should concentrate on know-how rather than large funds or shipments of goods.

Curtailed aid programs would increase pressures for resumption of East-West trade. Properly safeguarded, "a greater exchange of peaceful goods . . . should not cause us undue concern."

Steps toward convertibility "deserve our encouragement." The Randall Commission's recommendations for "strengthening the gold and dollar reserves of countries which have prepared themselves for convertibility by sound internal and external policies" were considered to be sound. They would not require new legislative authority.

With regard to the Commission's recommendations on policy for raw materials, especially minerals, President Eisenhower indicated general agreement, but announced appointment of a Cabinet committee to consider the matter further. Concluding his message, the President said: "For our own economic growth we must have continuously expanding world markets; for our security we require that our Allies become economically strong. Expanding trade is the only adequate solution for these two pressing problems confronting our country."

Reaction. Rep. Charles A. Halleck (R Ind.) — The President's proposals "provide a clear and forthright basis for action as contrasted to the piecemeal and often conflicting policies of the previous Administration."

Rep. Robert W. Kean (R N.J.) — A gradual reduction of tariffs is desirable.

Sen. Homer Ferguson (R Mich.) — "The President has proposed an impressive program for putting our foreign relations on a sound progressive basis."

Sen. Bourke B. Hickenlooper (R Iowa), a member of the Randall Commission — "The President's recommendations constitute a moderate and forward-looking program."

Sen. William F. Knowland (R Calif.) — Agreed with a "good deal" of the message, but "there might be some parts which I expect Congress would revise."

O. R. Strackbein; chairman of the Nation-Wide Committee of Industry, Agriculture and Labor on Import-Export Policy — "To the tens of thousands of workers who are already out of work . . . because of unfair import competition, the message offers a dismal diet, namely, the empty dinner pail and the dole."

Charles P. Taft, president of the Committee for a National Trade Policy

—"The United States has everything to gain from a trade policy that will permit an expansion of trade."

Richard L. Bowditch, president of the United States Chamber of Commerce—The President's message presents a "forward looking program."

One Year Acceptable

(President Eisenhower indicated May 20 that he would be satisfied with a one-year extension of the trade agreements program. In a letter to Charles H. Percy, president of Bell & Howell Co., Chicago, the President said he favored Congressional hearings on the program early in 1955.)

House

Committee. Ways and Means.

Action. Reported (H Rept. 1777) HR 9474, without amendment, on June 10, 1954. No hearings were held.

As reported by the Committee, the bill simply extended the President's authority to enter into trade agreements under the Tariff Act of 1930, amended, for one year (until June 12, 1955).

The Committee said that the extension was necessary because the Committee's "heavy schedule" would not permit public hearings which the Randall Commission recommendations "obviously" required. Favorable reports on this action from the Departments of State, Treasury, Commerce, Agriculture and Interior accompanied the Committee report.

FLOOR ACTION

The House passed HR 9474 and sent it to the Senate June 11 by a roll-call vote of 281-53, without amendments. The House had adopted the same day, by a roll-call vote of 273-63, a resolution (H Res 580) limiting debate to three hours and specifying that no floor amendments would be in order (for voting, see page 292).

One motion to recommit the bill was permitted. The motion, offered by Rep. Cleveland M. Bailey (D W.Va.), was defeated by voice vote.

Debate

In offering the resolution to limit debate and amendments June 11, Rep. Leo E. Allen (R Ill.) said that the Ways and Means Committee needed "extensive hearings" to consider the "sweeping changes" offered in the Randall Commission report and that pressure of business would not permit such hearings until "next year."

Rep. Bailey said he would not "sit idly by" while 400 of his colleagues were "muzzled" and told to "sit on the side-

lines." He said the rule would permit "continuation of conditions that are daily growing worse."

Rep. Augustine B. Kelley (D Pa.) charged, "A commission . . . has since January, 1953 been the Republican Party's official vehicle of escape and compromise." He said HR 9474 had been brought to the floor with "lightning action."

A "Status Quo" Bill

Rep. Daniel A. Reed (R N.Y.), chairman of the Ways and Means Committee, opened debate on the bill June 11 with the statement, "I have never been an advocate of the reciprocal trade program," but he said that he would have "no hesitation" in supporting the President's request for a one-year extension of the Act. He added that the bill under consideration would maintain the status quo until a "sound tariff policy" could be developed.

Minority Leader Sam Rayburn (D Tex.) said he had seen "some things in the papers" indicating that "even though we extended the Reciprocal Trade Agreements Act for a year, . . . there will be no agreements made." Reed denied that any such agreement existed.

Reps. Kelley, Carl Elliott (D Ala.), Douglas R. Stringfellow (R Utah), Ed Edmondson (D Okla.) and James W. Trimble (D Ark.) objected to the measure for its failure to include provisions protecting domestic producers of oil, coal and other minerals.

Rep. Bailey said "the sole object in asking for a renewal of this agreement for one year is for the purpose of completing the trade agreement with Japan." He said the U.S. would suffer a "flood" of Japanese goods as a result of such an agreement.

No Cross-Examination

Richard M. Simpson (R Pa.) said the Randall Commission gave "no opportunity whatever for an aggrieved businessman" to come before it and explain what was happening to his employees as a result of the reciprocal trade program. He said there was no opportunity to cross-examine "hand-picked" witnesses. Simpson said the Ways and Means Committee would give full opportunities for cross-examinations in hearings the following year.

Rep. Joe L. Evins (D Tenn.) said President Eisenhower was a "victim of his friends" when he made a "concession" to "Republican friends in Congress" to drop his drive to gain a three-year extension of the reciprocal trade program.

Reps. Carroll D. Kearns (R Pa.), Leon

H. Gavin (R Pa.) and Aime J. Forand (D R.I.) opposed the bill for its failure to include adequate protection for small industries.

Harley O. Staggers (D W.Va.) said the bill was "going to disunite the Congress and the people of the country more than any other issue we are going to have this session."

James E. Van Zandt (R Pa.) said he could not support the bill "because the promise of relief to the coal industry has not been kept."

Herman P. Eberharter (D Pa.) asked if any new agreements would be made under the extension, and if GOP leaders had "extracted from the President a commitment not to use the authority." He said that "individuals more concerned with restricting than with liberalizing trade policy got to the President and were successful in having him change his mind" to favor a one-year rather than a three-year extension of the program.

Senate

Committee. Finance.

Action. Reported June 16 (S Rept. 1605) the House - passed bill (HR 9474) without amendments. No hearings were held.

The Committee said that a "very heavy schedule" had made it "impossible to hold the thorough public hearings which would be required for a detailed study of general trade agreements legislation."

FLOOR ACTION

The Senate June 24 passed and returned to the House HR 9474, amended, by a roll-call vote of 71-3. The dissenters were Hugh Butler (R Neb.), George Malone (R Nev.) and Pat McCarran (D Nev.). (For voting, see page 296).

Earlier the same day the Senate had defeated, by a 32-45 roll-call vote, a substitute measure similar to the President's March 30 proposals. It was sponsored by Sen. Albert Gore (D Tenn.), 21 other Democrats and Wayne Morse (I Ore.).

Substitute Backers

Democratic sponsors were: Clinton P. Anderson (N.M.), Thomas A. Burke (Ohio), Paul H. Douglas (Ill.), J. W. Fulbright (Ark.), Theodore F. Green (R.I.), Thomas C. Hennings, Jr. (Mo.), Lister Hill (Ala.), Spessard L. Holland (Fla.), Hubert H. Humphrey (Minn.), Henry M. Jackson (Wash.).

Also: Olin D. Johnston (S.C.), Estes Kefauver, (Tenn.), Herbert H. Lehman (N.Y.), John L. McClellan (Ark.), Warren

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G. Magnuson (Wash.), Mike Mansfield (Mont.), A. S. (Mike) Monroney (Okla.), James E. Murray (Mont.), John J. Sparkman (Ala.), John C. Stennis (Miss.) and Stuart Symington (Mo.).

Gore's measure would have extended the President's authority to make trade agreements for three years and would have authorized him to cut existing tariff rates 15 per cent over a three-year period. All 39 Republicans present voted against the amendment. Six Democrats joined them, while 32 voted for the proposal (for voting, see page 296).

Farm Import Amendment

Another amendment, sponsored by Karl E. Mundt (R S.D.) and 13 other Senators, was rejected by a 23-52 roll-call vote. Co-sponsors were: Frank A. Barrett (R Wyo.), Hugh Butler (R Neb.), Henry C. Dworshak (R Idaho), Barry Goldwater (R Ariz.), Edwin C. Johnson (D Colo.), Pat McCarran (D Nev.), Joseph R. McCarthy (R Wis.), Magnuson, George W. Malone (R Nev.), Murray, Stennis, Arthur V. Watkins (R Utah) and Milton R. Young (R N.D.).

Mundt's amendment would have provided stringent methods for controlling agricultural imports. In a letter to Sen. Gore, John C. Lynn, legislative director of the American Farm Bureau Federation, said the amendment "could do much harm to our foreign export outlets for agricultural products and other commodities as well."

An amendment by Sen. Malone, providing import duties on strategic and critical minerals and metals was defeated by voice vote. Two minor amendments were accepted by voice vote.

Debate

June 22. Sen. Eugene D. Millikin (R Colo.), Finance Committee Chairman, opened debate with a brief reference to the House vote on the bill and to the President's May 20 statement that he favored a one-year extension as an "interim" measure pending "extensive and unhurried hearings" on his earlier proposals for revising the trade program.

Democrats then took over the floor, holding it through June 23. The gist of their speeches was the contention that they were supporting the President's program, as originally outlined, while the Republicans had turned it down. A. Willis Robertson (D Va.) said June 22 that "when President Eisenhower asked for bread, the leaders of his own party voted to give him a stone."

J. William Fulbright (D Ark.) said he intended to vote against economic aid under the Mutual Security program, for

"I am not willing that the American public be taxed as a tribute to the power of the protectionist Republicans, and to the inability of the President to lead his party."

John F. Kennedy (D Mass.) introduced a bill (S 3650) to provide help for businesses and communities that suffered from the national trade policy. He said escape clauses and peril-point provisions in the law "have serious shortcomings" and a new approach to the problem of protecting certain industries was needed.

U.S. Losing Markets

June 23, Sen. Gore, criticizing GOP requests for another year to study the trade problem, declared: "For 18 months we have done nothing with respect to our foreign trade policy, and our markets are rapidly slipping away from us to the Communist world, and the Communists are taking the customers of American farmers and American factories." He said that while the United States in the past year had not made a single trade agreement, "Russia had concluded trade agreements with 15 of our allies, and Red China with 13."

Referring to a speech by the President June 22 in which he stressed the need to trade with Japan, Gore said Mr. Eisenhower's "speech strongly supports the amendment I have submitted." Mike Mansfield (D Mont.) said Gore was "doing the President a real service in carrying out the President's program as he originally requested it."

"President's Program"

Millikin replied that the Republicans were "fighting for the President's program, as set forth" May 20. Paul H. Douglas (D Ill.) contended, however, that Mr. Eisenhower had agreed to a straight one-year extension only "after the Republican Senators frightened and intimidated" him.

June 24. George W. Malone (R Nev.) spoke for three hours in opposition to the reciprocal trade agreement program. Estes Kefauver (D Tenn.) supported the Gore amendment but the ranking Finance Committee Democrat, Walter F. George (Ga.), endorsed the one-year extension bill.

Prescott Eash (R Conn.) asserted that Rep. Daniel A. Reed (R N.Y.) who, as Chairman of the Ways and Means Committee, would head House conferees on the bill, was strongly opposed to the tariff-cutting provisions of Gore's amendment.

Sen. Mundt said his amendment was needed to prevent imports from undermining farm price supports, but George D. Aiken (R Vt.), Chairman of the Agriculture Committee, said its effect would be

to drive wool prices out of the market and force other countries to retaliate against the United States. Majority Leader William F. Knowland (R Calif.) said it would take away the President's "right of independent judgment."

AMENDMENTS ACCEPTED

(June 22)

Eugene D. Millikin (R Colo.) — Declare that enactment of the bill would not indicate approval or disapproval by Congress of the executive agreement, General Agreement on Tariffs and Trade. Voice vote.

(June 24)

Stuart Symington (D Mo.) — Prohibit tariff cuts that might jeopardize adequate domestic production of material needed for national defense. Voice.

AMENDMENTS REJECTED

(June 24)

Albert Gore (D Tenn.) and 22 other Senators — Extend the Reciprocal Trade Agreements Act for three years and authorize the President to reduce tariffs 15 per cent below existing rates, over a three-year period, and take other actions to reduce trade barriers (a substitute for the bill). Roll-call vote, 32-45.

Karl E. Mundt (R S.D.), and 13 other Senators — Require the Tariff Commission, in studying complaints that farm imports interfere with the achievement of full parity prices, to report its findings to the President within six months; and require the President either to increase import duties or place import quotas in effect, if the Commission found the imports to be detrimental to parity prices. Roll-call, 23-52.

George W. Malone (R Nev.) — Create a Strategic and Critical Minerals and Materials Authority with power to set import duties on strategic metals, minerals and other critical materials "which will provide for fair and reasonable competition." Voice.

House-Senate Concurrence

House. The House concurred in the Senate amendments June 28 by voice vote without discussion.

An amendment, offered by Ways and Means Chairman Daniel A. Reed (R N.Y.), changed a Senate amendment which had provided that no duty should be lowered if, in the President's opinion, this action would interfere with domestic production of an article important to national defense.

The House amendment modified the Senate provision to require the President to take into consideration the effect of the

duty on any defense industry rather than simply on the output of one article. Reed said some articles are important to national defense indirectly because they are used by defense industries.

Senate. The Senate concurred in the House amendment June 29 by voice vote. Sen. J. W. Fulbright (D Ark.) objected to the House change as too "broad." He said: "It could mean that in the hands of one who was inclined to be highly protectionist practically all imports into this country could be stopped." Stuart Symington (D Mo.), author of the Senate amendment, said that he did not object to the House modification.

Bill Signed

President Eisenhower signed HR 9474 into Public Law 464 July 1. He had told a press conference June 10 that he was not abandoning his program for a three-year extension of reciprocal trade authority and tariff reduction, despite the fact that he had said May 20 that a one-year extension would be acceptable.

GROUP STANDS

A spate of interest groups aligned themselves on both sides of the battle to extend the President's authority to enter into reciprocal trade agreements. A spokesman for the Commission on Foreign Economic Policy (Randall Commission) said Jan. 14, 1954: "We've had our ears bent in many different directions by about 500 national organizations and some 300 companies."

In this fight, sentiment was divided within both business and labor groups. Members of such organizations as the Chamber of Commerce of the U.S., the National Association of Manufacturers, the CIO and the AFL could be found on both sides of the question. Most of the organizations, however, officially favored reciprocal trade.

Two major national groups were organized in 1953 for the particular purpose of influencing tariff legislation — the Nation-wide Committee of Industry, Agriculture and Labor on Import-Export Policy and the Committee for a National Trade Policy, Inc.

"PROTECTIONISTS"

The Nation-wide Committee was organized March 21, 1953 by O. R. Strackbein to oppose the "trade, not aid" concept, and to fight tariff reduction. Its officials said that it represented industries employing more than 4.5 million workers.

Strackbein was an ex-Tariff Commission official who decided that the scattered groups fighting reciprocal trade

needed cohesion. In 1950, he formed the National Labor-Management Council on Foreign Trade Policy. In 1953, foreseeing a record fight over trade policy, Strackbein organized the Nation-wide Committee to provide still closer teamwork for tariff forces.

Policies of the Committee were developed by a five-man executive committee responsible to a 20-member board of directors. Executive members included Otis M. Reed, representing the National Creameries Association; John Breckinridge, partner in the Washington law firm of Pope, Ballard & Loos; Matthew Dushane, representative of the Seafarers' International Union of North America (AFL); and Edward Wooten, official of the Wine Institute. Strackbein was chairman.

The Nation-wide Committee advocated that the reciprocal trade program be allowed to die and that "Congress should repossess its constitutional responsibility for regulating commerce."

Strackbein said: "With us the tariff is still the principal instrument of protection. To resume its dismantling at this time would be the same as walking blindfolded into unexplored ground. . . . Import quotas should be adopted as a supplement to or, in some instances, a substitute for the tariff."

Grass-Roots Support Sought

The Committee circulated nationally a pamphlet entitled, "Tariffs and Trade: What Imports from Cheap-Labor Areas Mean to America," and sought support at the community level through meetings with interested groups on the West Coast and in New England.

A member of the Nation-wide Committee, the Foreign Oil Policy Committee, conducted a special fight for a five per cent quota limitation on residual oil imports. Thomas Pickett, executive vice president of the National Coal Association and a leader of F.O.P.C., said the group was sponsoring regional meetings to stir interest in its viewpoint. Pickett was a former Democratic Representative from the Seventh District of Texas.

As spokesman for the Coal Association, Pickett called on governors of 16 coal-producing states April 26 to join in immediate action to stem "unfair" competition from low-priced foreign oil. This "unfair competitive factor," he said, was mainly to blame for a slump in U.S. coal output from 700 million tons in 1947 to 470 million in 1953.

At the same time, John L. Lewis, president of the United Mine Workers, and Frank W. Earnest, president of the

Anthracyte Institute, both urged protection for the American coal industry.

Tariff League

A second major protectionist group in the fight was the American Tariff League, organized in 1885 as the American Protective Tariff League. Membership of the organization was said to include 80 branches of industry and agriculture and some 300 companies and farm groups.

Though it was League policy not to identify its members, it was known that the list included such large concerns as American Viscose, Monsanto Chemical, American Cyanamid, Westinghouse Electric and Bausch and Lomb.

The League president in 1954 was H. Wickliffe Rose, head of Linen Thread, Inc. Policies of the League were decided at the annual membership meeting, with details developed by the monthly meeting of a 28-man board of managers.

The League plugged its own 10-point plan, which included abandonment of the "executive trade agreement method of setting rates." Rose said, "The tariff is universally admitted to be the fairest, most equitable and most liberal method of trade regulation." Richard H. Anthony, ATL secretary, said the organization intended to fight for tariffs "which roughly equalize differentials in wage costs here and abroad."

"RECIPROCAL TRADERS"

A leading pro-reciprocal trade group, the Committee for a National Trade Policy, Inc., was organized in September, 1953 to rally those organizations and interest groups seeking an extension of reciprocal trade agreements authority.

Charles P. Taft, Cincinnati lawyer and brother of the late Sen. Robert A. Taft (R Ohio), was named president of the organization. John H. Ferguson, Washington lawyer and former State Department employee, was named vice president and executive director of the Committee.

Ferguson said the Committee got its start "during last year's (1953) bitter debate over reciprocal trade. A handful of businessmen — notably Harry A. Bullis, chairman of General Mills; John J. McCloy, former U.S. High Commissioner for Germany and now chairman of Chase National Bank; and Ralph J. Straus, director of R. H. Macy & Co. — became worried over the apparently growing strength of high-tariff forces. They decided to form a group to coalesce reciprocal trade support, and make it more vocal in Congress."

Committee officers included: chairman, John S. Coleman, president of the Bur-

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roughs Corp.; vice chairmen, Bullis and Charles H. Percy, head of Bell & Howell Co.; directors (to name a few) Taft, Straus, William L. Batt, Philadelphia executive who served as vice chairman of the War Production Board, and Joseph F. Spang, Jr., head of the Gillette Co.

Among the Committee's advisors were Richard L. Bowditch, president, Chamber of Commerce of the U.S.; William L. Clayton, cotton broker and ex-Undersecretary of State; Allan B. Kline, head of the American Farm Bureau Federation; George Meany, president of the AFL; and Walter Reuther, president of the CIO.

Committee Supporters

The organization received support in 1954 from such organizations as the National Grange, the National Farmers Union, the U.S. Council, International Chamber of Commerce, National Council of American Importers, American Veterans of World War II, Veterans of Foreign Wars, Railway Labor Executives Association, American Bankers Association, Chamber of Commerce of the U.S., American Association of University Women, League of Women Voters, General Federation of Women's Clubs, National Council of Churches of Christ in America, the Na-

tional Foreign Trade Council, and the National Committee for Import Development.

The policy of the Committee for a National Trade Policy was expressed by leading spokesmen as follows:

Ferguson — "Public opinion polls show increasing popular support for the reciprocal trade idea. It's our job to help crystallize this opinion, so it can be felt more effectively. We're not a 'free trade' group. A liberal trade policy isn't a cure-all. But it will take us in the right direction."

Coleman — "An expanding international economy, a competitive use of resources and a strong alliance of free nations, will alone answer the needs of the times. Trade is decisive in the forging of bonds between men and nations. High tariffs, favored by a relatively few special interests, defeat these objectives and prevent America from fully exercising its position of world leadership."

Five-Year Extension

The Committee supported the conclusions of the Randall Commission report, and advanced a program calling for, in part, a five-year extension of reciprocal trade, customs simplification, repeal of the "Buy American" legislation, and assistance to industries and communities to facilitate their adjustment to dislocations caused by reductions in import restrictions.

In letters to all Senators June 21, Coleman and Taft "strongly" urged support of the amendment to HR 9474 proposed by Sen. Albert Gore (D Tenn.).

(In a letter published July 22 in the Washington Post and Times Herald, Taft said that the Randall Commission report had "the support of a majority of both Houses of Congress and will have next year." He said "the adverse vote" on the Randall report in the Senate was because "the White House made a deal to get its Social Security bill (see page 188) in return for deferring action on the trade issue.")

The group circulated a pamphlet, "Lower the Barriers to International Trade," summarizing the official position of some 50 national groups campaigning for liberalized foreign trade.

The Committee got off to an early start on the 1955 campaign on July 14, 1954, when the organization's legislative committee sent a special report to its members urging them to: (1) Write their Congressmen, urging passage of the Administration's program in the next session; (2) follow this step by contacting legislators directly during the summer; and (3) campaign locally for the program.

Democrats May Seek...

BIGGER GOVERNMENT PROGRAM FOR SMALL BUSINESS

The "big business bias" charged to Defense Secretary Charles E. Wilson by Democrats during the 1954 campaign may make for further fireworks in the 84th Congress.

According to Sen. John J. Sparkman (D Ala.), there "has been great deliberate discouragement of small business" by the Pentagon through "concentration" of defense contracts. And Sparkman, who will become chairman of the Senate Small Business Committee next month, intends to do something about it.

First, he told Congressional Quarterly, he will reactivate the Committee's Procurement Subcommittee to "stimulate a better program in the Defense Department for small business." He also plans to find out "whether present credit facilities are adequate to help small business carry out defense contracts." If not, he added, additional legislation may be needed.

Supporting Sparkman will be Sen. Russell B. Long (D La.), who becomes ranking Democrat on the Small Business Committee. Long told CQ he "never saw a time under this (Republican) Administration when credit facilities available to small business were adequate." Long thinks one answer to the small business problem may be to require large defense suppliers to subcontract a certain percentage of their work to small firms.

"DANGEROUS POINT"

Sparkman sees a sharp cleavage between the Wilson and Democratic Party concepts of defense mobilization. Democrats, he said, want the "broadest possible base for defense production." This calls for "spreading defense contracts" and encouraging "to the greatest extent practicable the participation of small business in the defense effort." The Wilson policy, he said, has brought concentration to a "dangerous point."

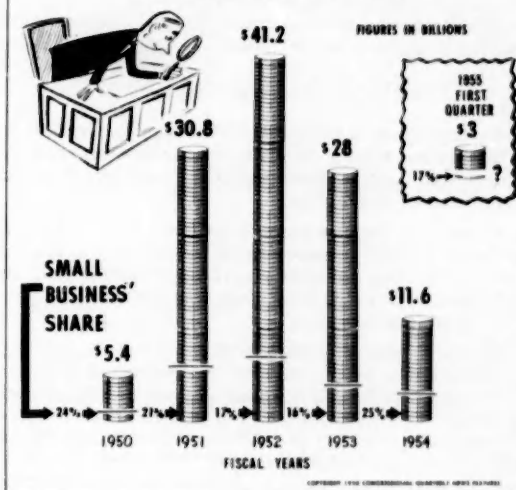
Sparkman finds small comfort in Wilson's directive of Dec. 7, which called for "avoidance of undue concentration" of defense contracts, and referred to use of "essential mobilization suppliers" and a "preferential planning list." A few more firms might get defense contracts as a result of Wilson's order, said Sparkman, but they wouldn't necessarily be small businesses.

Also dubious about the effect of the directive is the outgoing Republican Chairman of the Small Business Committee, Sen. Edward J. Thye (Minn.) He wired Wilson Dec. 10 that the "directive seems to establish a preferential list of approved firms who will receive the bulk of defense contracts with no competition allowed from firms not on the select list." Thye asked: "How can smaller firms become essential mobilization suppliers?"

Like Sparkman, Thye thinks small business is not getting the maximum possible share of defense contracts, although he feels that progress has been made.

A FAIR SHARE FOR SMALL BUSINESS?

PORTION OF MILITARY CONTRACTS
AWARDED TO SMALL BUSINESS



SHARE IS SMALL

For procurement purposes, as defined by the Small Business Administration, a small business is one which employs fewer than 500 persons. Such firms make up 98 percent of the 4.2 million business concerns in the U.S., and account for about one-half of the nation's dollar output. But their share of prime defense contracts is generally less than one-fourth.

In fiscal 1950, when prime defense contracts totaled \$5.4 billion, small business got 24.5 percent. By 1953, with total awards of \$28 billion, this percentage had dropped to 16.2. In 1954, small business' share of \$11.6 billion in procurement contracts bounced back to 25.1 percent.

But, according to SBA, this was because "the value of cancelled contracts affecting small business was relatively less than for contracts with large business concerns." Actual percentage of new contracts awarded to small business "was not much higher than in 1953," says SBA. And for the first quarter of fiscal 1955, small business got 17.4 percent of some \$3 billion in defense contract awards.

WHAT IS SBA?

SBA, set up in 1953 as successor to the Small Defense Plants Administration, works to "obtain a fair share of government procurement" for small concerns. Aside from making loans, SBA works with the Defense Department on a "joint determination program" under which

defense contracts are earmarked exclusively for small business. Since the program was launched in 1952, some 5,800 contracts worth \$557 million have been awarded to small firms.

SDPA and SBA also have issued "certificates of competency" assuring government agencies that low-bidding small businesses are capable of handling specific contracts. As a result, small firms have been awarded \$56.5 million in contracts that might otherwise have gone to larger, higher-bidding firms with known competence. (For figures on the joint determination and certificates of competency programs, see chart in adjoining column.)

EFFECT OF SUBCONTRACTS

Another facet of the small business and defense problem is subcontracting. Small firms to some extent share in the defense effort through subcontracts let out by the larger defense contractors.

Prime defense contracts contain a clause saying "the contractor agrees to accomplish the maximum amount of subcontracting to small-business concerns that the contractor finds to be consistent with the efficient performance of this contract."

But in a post-war period, there is a cutback in defense production, particularly of those items produced by small firms. When this happens, prime contractors tend to pull into their own shops work that would ordinarily be subcontracted to small businesses. The result is that small firms are not kept "tooled up" for defense, and in some cases, must fold up because of lack of work.

COMMITTEE'S OUTLOOK

The Senate Small Business Committee feels that in the interest of national defense this should not be allowed to happen. The group believes current and potential supply sources should be maintained. Small business, the committee says, should not be allowed to go out of existence or the second line of production so essential in an emergency would disappear.

The Defense Department has a program under way in which prime contractors are "educated" to the necessity of getting out subcontracts to small business. The Air Force has actually been conducting seminars attended by its prime contractors, on the importance of subcontracting.

The Senate Small Business Committee has suggested the Defense Department keep records on the subcontracting of their prime contracts, and that "major manufacturers demonstrating aggressive and effective small-business subcontracting programs should be favored over others."

Another possibility suggested to the Senate group by witnesses at hearings on small business and procurement is that contracts awarded to major prime contractors specify the percentage of the contract to be subcontracted to small business. This would introduce the element of compulsion, and the Senate group said in a 1953 report that it would "seriously impair" the large manufacturer's "latitude of action and might thwart the whole defense program."

The Senate unit is planning hearings in February and March, 1955, at which defense officials will be asked to give a progress report on defense subcontracting for small firms.

Small Business And Defense

CONTRACTS AWARDED UNDER SDPA AND SBA PROGRAMS

	Joint Determination Contract Awards*		Certificates Of Competency**	
	NUMBER	AMOUNT	NUMBER	AMOUNT
	1	2	3	4
Ala.	56	\$ 5,646,169	1	\$ 2,500
Ariz.	4	74,944	-	---
Ark.	29	4,214,579	1	39,567
Calif.	649	49,789,853	9	3,097,829
Colo.	16	497,688	1	55,580
Conn.	111	14,332,768	2	168,416
Del.	8	908,136	-	---
D. C.	57	4,224,749	-	---
Fla.	51	6,443,670	8	5,909,713
Ga.	97	6,303,924	1	187,920
Idaho	1	14,220	1	337,920
Ill.	389	41,776,595	7	9,960,979
Ind.	94	8,924,470	-	---
Iowa	26	3,177,057	2	1,220,153
Kan.	28	2,710,704	-	---
Ky.	25	1,698,773	1	631,844
La.	30	805,197	-	---
Maine	12	1,175,600	-	---
Md.	106	9,510,181	2	318,169
Mass.	349	42,349,215	8	1,601,853
Mich.	220	11,605,445	11	3,076,557
Minn.	78	4,638,541	1	19,850
Miss.	15	3,058,192	-	---
Mo.	146	10,070,727	-	---
Mont.	3	163,581	-	---
Neb.	18	1,818,150	-	---
Nev.	1	10,416	-	---
N. H.	21	3,380,224	-	---
N. J.	394	48,462,952	14	3,183,988
N. M.	2	1,170,845	1	1,114,925
N. Y.	1,351	141,775,437	40	6,492,265
N. C.	51	6,208,146	1	373,714
N. D.	---	---	-	---
Ohio	299	21,363,271	7	1,024,549
Okla.	14	781,524	1	19,090
Ore.	24	656,041	-	---
Pa.	485	40,943,348	6	4,347,721
R. I.	54	4,946,645	3	1,305,914
S. C.	6	317,792	-	---
S. D.	---	---	-	---
Tenn.	53	5,863,402	-	---
Texas	136	14,282,518	3	7,500,943
Utah	7	532,683	-	---
Vt.	8	486,251	-	---
Va.	77	8,864,859	2	2,987,482
Wash.	74	9,857,930	2	1,083,296
W. Va.	10	1,061,016	1	34,875
Wisc.	127	9,137,605	3	421,839
Wyo.	---	---	-	---
TOTAL	5,817#	\$556,771,762#	140	\$56,519,451

*From May 12, 1952, through Nov. 10, 1954.

**From Feb. 6, 1952, through Nov. 30, 1954.

#Totals exclude five joint determination contract awards, totaling \$735,729, for Puerto Rico.

(Source: Small Business Administration)



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FARM BUREAU

Having picked a Democrat to succeed a Republican as its president, America's largest farm organization is training its sights on the 84th Congress and some substantial legislative goals for 1955.

Major objective of the American Farm Bureau Federation next year will be expanded markets for U.S. farmers. The Federation's new legislative program, which was endorsed at the group's annual convention Dec. 12-16, calls for a more liberal foreign trade policy and stepped-up marketing research at home. (See CQ Weekly Report, p. 1454.)

As the leading advocate of flexible price supports, the Farm Bureau was credited with a major lobbying victory in 1954 when Congress passed a flexible supports law. With a peak membership of 1.6 million farm families in all 48 states, the group will have a strong voice in debate over trade policy.

Key Federation spokesman will be the new president Charles B. Shuman, 47-year-old Illinois cattle and hog farmer. Shuman takes over from Allan B. Kline, who resigned because of his health after seven years as Farm Bureau head.

GOOD LOBBYING POSITION

Shuman, who previously headed the Illinois Agricultural Association, is described as mild-mannered in contrast to the hard-hitting, aggressive Kline. The new president is a flexible supports man, but has maintained good relations with the AFBF Southern wing, which tends to favor high, rigid price supports. As a Democrat, Shuman may not enjoy Kline's easy access to the White House. But he will be in a good position to put the Federation's case before a Congress controlled by Democrats.

By accenting internal harmony, Shuman is expected to enhance the group's already powerful lobbying position. During the flexible supports battle, the AFBF made effective use of such techniques as large-scale letter-writing campaigns and special luncheons with key Congressional leaders.

According to one Federation official, "our real strength as a lobby comes from the fact that our members write their own program, believe 100 percent in it, and are democratically participating more than ever in Farm Bureau legislative activity."



ALLAN B. KLINE



CHARLES B. SHUMAN

HIGH SUPPORTS CHAMPION

AFBF, while wielding a great deal of influence, probably is not as powerful as it was in the 1930's, when the several groups making up the farm bloc stood more closely together on policy matters. Since then, the Farm Bureau has followed a more independent course, and on many issues stands somewhere between the National Grange and the National Farmers Union. The Farmers Union has been the traditional champion of high price supports.

As an advocate of flexible supports, the Farm Bureau has some bipartisan opposition, including that of the outgoing and incoming Chairmen of the House Agriculture Committee, Reps. Clifford R. Hope (R Kan.) and Harold D. Cooley (D N.C.). But the group expects no major retreat from the new flexible supports program in 1955, and plans in fact to press for its strengthening.

Other broad goals of the Farm Bureau next year include "maximum freedom" of operation for farmers, increased economic and political cooperation among the free nations, "wiser" development and use of natural resources, and a dynamic peacetime economy accompanied by effective military preparedness.

TRADE POLICY STANDS

In the field of trade policy, Farm Bureau officials will press for a four-year extension of the Reciprocal Trade Agreements Act, expanded private investment abroad, and continuation and improvement of the technical assistance program for underdeveloped nations. These steps, they say, will help to expand foreign markets for American farm products.

Another project will be the development of one of Shuman's pet ideas -- the "Soil Fertility Bank." This would be a government mechanism to encourage farmers to plant unneeded acreage in grass and other soil-building crops, against a day when such land would again be needed for food production.

Fact Sheet

AMERICAN FARM BUREAU FEDERATION

STANDS

The American Farm Bureau Federation, at its 36th annual meeting Dec. 12-16 in New York:

Recommended private investment to assist economic development abroad.

Voted for a "continuation and improvement of the technical assistance program."

Pressed for the "substitution of trade for foreign aid, except in disasters."

Urged extension of the Reciprocal Trade Agreements Act for four years.

Asked for elimination of "buy American" regulations.

Favored simplification of U.S. customs procedures.

Recommended continued U.S. participation in the United Nations.

Urged an international agreement for an "effective plan for control of atomic energy for peaceful purposes."

Favored state and federal expenditures for decentralized programs to provide conservation assistance to farmers.

Resolved that the field of electric power should be developed by private industry, and favored government intervention only where "adequate development cannot be had otherwise."

Sought "rapid development" of peaceful, civilian applications of atomic energy with safeguards "against monopoly by either government or private agencies."

Called for an orderly liquidation of Commodity Credit Corporation.

Continued to back variable price supports, but recommended "90 percent of parity price support for the first year that marketing quotas are in effect for any commodity immediately following a year in which marketing quotas were not in effect on this commodity."

Opposed "any expansion of federal participation in financing of highway construction."

Opposed the present draft law and all forms of universal military training, but suggested a "selective draft" recruitment and enlistment program of its own.

Requested legislation to prevent diverted acreage from being used to "produce other commodities in such quantities as to seriously impair or destroy the markets for those commodities."

Elected as president Charles B. Shuman, cattle and hog farmer of Sullivan, Ill., to replace Allan B. Kline who resigned. Shuman favors most parts of the Administration's flexible price supports policy, but opposes the "diverted acreage" program.

Delegates also:

Favored elimination of air and inland waterway transportation subsidies, encouragement of agricultural research by public and private agencies, vocational agriculture training with federal aid, a balanced budget, "right to work" legislation, and "continued decentralization of the functions of the federal government."

Opposed the federal motor fuel tax, socialized medicine, monopoly in any form, and the application of the unemployment compensation system to agriculture.

MEMBERSHIP

(As of Nov. 30, 1954)

EAST TOTAL	127,364
Connecticut	5,529
Delaware	758
Maine	769
Maryland	10,023
Massachusetts	4,481
New Hampshire	5,136
New Jersey	7,910
New York	77,157
Pennsylvania	3,460
Rhode Island	286
Vermont	8,267
West Virginia	3,588

MIDWEST TOTAL	780,874
Illinois	200,347
Indiana	116,688
Iowa	138,912
Kansas	67,305
Michigan	62,981
Minnesota	32,920
Missouri	49,198
Nebraska	16,588
North Dakota	10,205
Ohio	48,917
South Dakota	2,307
Wisconsin	34,506

SOUTH TOTAL	573,947
Alabama	74,707
Arkansas	55,881
Florida	15,856
Georgia	40,521
Kentucky	72,775
Louisiana	16,838
Mississippi	46,125
North Carolina	71,056
Oklahoma	40,006
South Carolina	17,778
Tennessee	48,878
Texas	55,744
Virginia	12,678
Puerto Rico	5,104

WEST TOTAL	127,276
Arizona	3,591
California	59,363
Colorado	10,863
Idaho	14,069
Montana	2,972
Nevada	1,365
New Mexico	8,116
Oregon	7,036
Utah	7,524
Washington	4,844
Wyoming	7,533

GRAND TOTAL 1,609,461

LOBBYIST REGISTRATIONS

Individuals

Registrant --GEORGE P. BAKER, president, Transportation Association of America, 130 N. Wells St., Chicago 6, Ill. Filed 12/3/54.

Employer -- Transportation Association of America, 130 N. Wells St., Chicago 6, Ill.

Legislative Interest -- "Anything to do with transportation including all pending legislation before the House and Senate."

Compensation --\$2,500 monthly as president

Registrant --CATHERINE G. KUHNE, National Federation of Business and Professional Women's Clubs, Inc., 1701 16th St., N.W., Washington 9, D.C.

Employer -- National Federation of Business and Professional Women's Clubs, Inc., 1701 16th St., N.W., Washington 9, D.C.

Legislative Interest -- Legislation "which affects favorably or unfavorably the interests of women in business and the professions."

Expenses -- \$600 annually.

Compensation -- \$5,000 annually.

Law And Public Relations

Registrant --WATTERS & DONOVAN, THOMAS WATTERS, JR., JAMES B. DONOVAN AND EDWARD V. GROSS, 161 William St., New York 38, N.Y. Filed 12/20/54.

Employer -- New York and New Jersey Dry Dock Association, 161 William St., New York 38, N.Y.

Legislative Interest -- Legislation "affecting the ship repair industry directly or indirectly."

Compensation -- \$10,000 annually for "general legal services not confined to legislative interests of employer."

Organizations

Registrant --NATIONAL ASSOCIATION OF REAL ESTATE BROKERS, INC., 420 E. 45th St., Chicago 15, Ill. Filed 12/14/54.

Legislative Interest -- Not stated.

Previous Registration -- Herman Archibald Johnson, 209 33rd St., N.E., Washington 19, D.C. filed for the above registrant Nov. 18, 1954. (See CQ Weekly Report, p. 1390)

HART AND BUCHANAN REPORT

Merwin K. Hart, president of the National Economic Council, Inc., New York City, has written to Congressional Quarterly taking exception to the reference to his organization published in the Weekly Report of Dec. 3, page 1400. This reference quoted a general interim Report of the House Select Committee on Lobbying, dated Oct. 20, 1950. Hart furnished a statement issued July 15, 1950, by the National Economic Council shortly after the hearings of the House Select Committee on Lobbying ended. It includes the following:

"...the National Economic Council...was organized...to defend the American system of republican constitutional government and to support the American system of private enterprise as against the advance of Socialism, Communism or Fascism...the campaign to destroy the Council as a defender of our American way of life has gone so far as to denounce it...without rhyme, reason or relevance as 'anti-semitic'."

1950 REPORTS

The House Select Committee on Lobbying activities was created to investigate lobbying of private organizations and legislative activities of federal agencies. Committee members besides the chairman, the late Representative Frank Buchanan (D Pa.), were Democrats Henderson L. Lanham (Ga.), Carl Albert (Okla.), and Clyde Doyle (Calif.); and Republicans Charles A. Halleck (Ind.), Clarence J. Brown (Ohio), and Joseph P. O'Hara (Minn.)

The Committee investigated lobbying activities of about a dozen groups and on Oct. 20, 1950, issued a 67-page interim Report. (HRept. 3138, 81st Congress). Republicans on the Committee did not sign it. Although the Committee's Democrats upheld lobbying as a legitimate activity, they recommended greater publicity about lobbying activities. The majority said "lobbying for all" may be a sacred right but it is a right which some men can make more meaningful than others."

On Oct. 29, 1950, the three Republican Committee members issued a minority statement charging the majority report was "lopsided," "intolerant" and "questionable." They said the report "clearly is designed to help the leftists who are running for office on Administration tickets." They also stated the majority report "approves all lobbying by government agencies as in the public interest," but condemns "as vicious" the "privately-financed, dignified, factual, educational campaigns by citizens, professional and business groups opposed to socialization of America."

Late in December, 1950, the Democratic members issued a statement of the Committee's work, along with five other reports. The Republicans submitted minority views Jan. 3, 1951. (Part 2, HRept 3239, 81st Congress.)

PRESSURE POINTS

Coal -- The National Coal Association Dec. 17 designated a "special committee on competitive fuels" to press for legislation to aid the depressed soft coal industry. Association President L.C. Campbell said the committee would be spokesman for the industry on "residual fuel oil importation," pricing of natural gas, and "importation of natural gas." "We expect our committee will receive the active support and assistance of all segments of the coal economy," Campbell added.

Teachers -- The Fund for the Advancement of Education, a unit of the Ford Foundation, said Dec. 19 that, "while the school enrollments are going up, the number of people preparing to teach is going down." The Fund's biennial report said national deficiencies in available facilities and teachers are "appalling." Owen J. Roberts, former associate justice of the Supreme Court, is chairman of the fund.

Milk -- Dairy Industries Society, International Dec. 18 announced plans for a world surplus milk pool and for a program of technical aid to both government and private industry. George O. Tiffany, president of the Society, said one aim is to "take milk out of politics and off the lists of charity donations." The organization was founded in 1946 to "foster dairy enterprise in all parts of the world."



NEW VOTING RECORDS

Two new voting records for a mid-term election were established Nov. 2. The total popular vote cast throughout the United States was 44,447,496, a gain of 1,985,414 over 1950 figures, or 4.7 percent. The aggregate of votes for candidates for the U.S. House of Representatives was 42,577,696, an increase of 2,225,774 over 1950, or 5.5 percent. In the 1950-54 period, U.S. population increased by an estimated 8.2 percent. Figures represent final tabulations of the official vote by the Associated Press.

Analysis shows that Democrats outpolled Republicans by 2,185,327 in the total vote for House candidates, but trailed the GOP outside the normally Democratic Southern states by 164,686 votes. In 1950, the Democratic national plurality was only 248,000, and the Republican margin outside the South was 1,610,000 votes. Of the total House vote, Democrats polled 22,281,988, or 52.3 percent, and the Republicans 20,096,661, or 47.2 percent. The discrepancy between the aggregate of these two totals and the total popular vote of 44,447,496 is accounted for by votes cast for third-party candidates, and by the fact that in most states the vote for other offices and on some state issues exceeded the aggregate vote for House candidates.

The 1954 total popular vote, consisting of the highest total for a candidate or an issue in each state, was 59.3 percent of the estimated eligible voters, compared to 60.7 percent in 1950. It was less than 45 percent of the estimated 100,223,000 potential vote (persons 21 and over).

Among the states showing the highest 1954 turnouts in relation to registration were New York, with 84.4 percent, Connecticut 81.3 percent, and Arizona 81.1 percent. Thirteen states showed declines in their total House vote, compared with 1950. Ohio led with a drop of 265,000, while the Illinois vote declined 251,000, Massachusetts 76,000, Missouri 64,000, and Oklahoma 62,000. California had a gain of more than 500,000 votes, Michigan 300,000, Texas 260,000, New Jersey 200,000, and Pennsylvania 175,000.

NEW POLITICAL GROUP

Ex-Rep. Hamilton Fish (R N.H. 1920-45) dec. 20 announced plans to form an American Political Action Committee to fight "domination of both major parties by left-wing internationalists." The committee "will maintain and carry out the original principles and policies of 'For America,' which has been turned into an educational organization, and under its charter, is unable to support or oppose candidates or measures," Fish said. (See CQ Weekly Report, p. 801.) He said the Committee had been incorporated and organized under New York state laws and charters will be applied for in all states.

NEW JERSEY FACTION

Ex-Rep. Fred A. Hartley, Jr. (R N.J.) Dec. 17 told New Jersey Republican leaders that his Committee for a stronger New Jersey Republican Party would be a potent force within the party before the 1956 campaign. He said his group would oppose any Republican Member of

Congress from New Jersey who failed to support "true Republican principles of government." Hartley, who opposed the candidacy of Sen.-elect Clifford P. Case (R), was an unsuccessful write-in candidate in the Nov. 2 Senate race.

RUMBOUGH RESIGNATION

Stanley Rumbough, a founder of the Citizens for Eisenhower organization in 1952, announced Dec. 15 he would resign "soon" as a White House liaison man with government agencies. Rumbough, whose official title has been special assistant to the Under Secretary of Commerce, will return to private business.

STATE ROUNDUP

ILLINOIS -- Chicago Democratic leaders Dec. 18 selected Cook County Clerk Richard J. Daley as their choice for mayor in the Feb. 22, 1955, Democratic primary, leaving Mayor Martin H. Kennelly without their support in his bid for a third term. (See CQ Weekly Report, p. 1437.) Daley is chairman of the Democratic County Central Committee.

MARYLAND -- After a Charles County grand jury concluded that money was passed during the Nov. 2 balloting, Gov. Theodore R. McKeldin (R) said Dec. 15 he expected the Legislative Council to offer proposals dealing with corrupt election practices after the General Assembly convenes Jan. 5, 1955.

MISSISSIPPI -- Voters Dec. 21 approved by a two-to-one margin a constitutional amendment to permit state legislators to abolish public schools if necessary to retain racial segregation. Voting was light. Gov. Hugh L. White (D) said only as a last resort would schools be abolished under the amendment.

NEW JERSEY -- The New Jersey State Elections Law Study Commission said Dec. 18 it will recommend legislation to require statewide use of voting machines. Only nine of the State's 21 counties now use them.

NEW YORK -- The State Board of Canvassers announced Dec. 16 that Averell Harriman was elected governor by an official plurality of 11,125 votes. It was the slenderest victory margin since the election of 1850.

VIRGINIA -- Federal marshals Dec. 17 impounded Wise County mail ballot records and planned to do the same in Lee County, following grand jury and court action based on "complaints" regarding the Ninth District election of Sheriff Pat Jennings (D) over Rep. William C. Wampler (R) on Nov. 2. Approximately 10 percent of the ballots in each county were cast by mail.

WISCONSIN -- Secretary of State Fred R. Zimmerman, 74, an ex-Governor, died Dec. 14 in Milwaukee. An outspoken critic of Sen. Joseph R. McCarthy (R Wis.), Zimmerman was re-elected in 1952 and 1954 to successive eighth and ninth terms as secretary of state, although he did not carry Republican organization support.



around the capitol

CONGRESSIONAL BRIEFS

KENNEDY'S RECOVERY

Sen. John F. Kennedy (D Mass.) left a New York hospital Dec. 21 and flew to his family's Florida home to recuperate from a spinal operation performed in October. The hospital said there is "every reason to believe" the operation was successful.

Kennedy will be absent when the Senate convenes Jan. 5, 1955. Party breakdown is 48 Democrats, 47 Republicans, and one independent. Since the independent, Sen. Wayne Morse (Ore.), has said he would vote with the Democrats, they will have a majority despite Kennedy's absence. Democrats also said they have the unofficial pledge of Sen. Leverett Saltonstall (R Mass.) to "pair" with Kennedy to minimize the effect any other absentees might have on the organizational vote.

MCCARTHY ASSIGNMENTS

Sens. A. S. Mike Monroney (D Okla.) and John J. Sparkman (D Ala.) said in separate interviews Dec. 21 that they consider the committee assignments of Sen. Joseph R. McCarthy (R Wis.) "strictly a Republican problem." Sen.-elect Clifford P. Case (R N.J.) had said Dec. 14 he would do "everything" he could to prevent McCarthy from being reappointed to the Senate Government Operations Committee or from being seated on any other investigative committee in the 84th Congress. Case had said he would demand a roll-call vote on committee memberships for McCarthy when the 84th Congress organizes.

HUNTER REPLACES FITZPATRICK

Rep. Allan Oakley Hunter (R Calif.), who was defeated for re-election, was appointed Dec. 20 as general counsel of the Housing and Home Finance Agency. Hunter, a lawyer and former FBI agent, succeeds Berchmans T. Fitzpatrick, who resigned Dec. 18 effective Jan. 3, 1955.

CAMPBELL APPOINTMENT

Two Democratic Senators said Dec. 18 they will fight confirmation of Joseph Campbell as comptroller general. (See CQ Weekly Report, p. 1438). Sen. Albert Gore (D Tenn.) said Campbell's appointment violates a "tacit understanding" that a nominee to the post should come from Congressional ranks. Sen. John J. Sparkman (D Ala.) said Campbell's support for the Dixon-Yates power contract should disqualify him from a position as independent auditor.

HARLAN NOMINATION

Sen. Alexander Wiley (R Wis.) predicted Dec. 19 that the Senate will confirm the nomination of Judge John Marshall Harlan of New York to the Supreme Court. Sen. William Langer (R N.D.) Dec. 16 repeated he will fight Senate confirmation of Harlan. (See CQ Weekly Report, p. 1425.) Langer also said he will vote against "any man who hereafter is named" to the cabinet or Supreme Court unless he comes from Arizona, Florida, Idaho,

Montana, Nevada, North or South Dakota. He said no person had ever been appointed to the cabinet or Supreme Court from those states.

TRADE WITH REDS

Sen. John C. Stennis (D Miss.) said Dec. 17 he favors the Administration's proposal to develop trade in non-strategic goods with Russia and her satellites. (See CQ Weekly Report, p. 1439.) Stennis said he believed trade with the Reds could be attempted "without sacrificing anything in principle." Sen. Hubert H. Humphrey (D Minn.) suggested improving trade with "our friends before trying to improve it with our enemies."

COMMUNISTS IN GOVERNMENT

Rep. Kit Clardy (R Mich.) said Dec. 15 there is "a gigantic worldwide network of communists previously unidentified even now in" government departments. Rep. Francis E. Walter (D Pa.) said there is need of "a complete study" to find if there is "a basis for the conclusion" Clardy reached.

UN-AMERICAN ACTIVITIES PROBE

Rep. Morgan M. Moulder (D Mo.) Dec. 18 called for an investigation of the House Un-American Activities Committee's action in hiring a former intelligence officer who was discharged from the Air Force for giving the Committee staff a secret document. Said Moulder, a Committee member: "I don't countenance the Committee staff doing business with persons who ransack files, if that occurred."

Rep. Francis Walter (D Pa.), slated to become Chairman of the House Committee in the new Congress, said Dec. 21 he will not tolerate "outright pilfering of files from security agencies."

MRS. ABEL TO RESIGN

Sen. Hazel Abel (R Neb.) whose two-month term ends Jan. 5, 1955, announced Dec. 17 she will resign Dec. 31 to allow her successor, Rep. Carl T. Curtis (R Neb.), to enter the Senate earlier and gain seniority which would give him a better chance for choice committee assignments.

COMMUNIST INVESTIGATIONS

Sen. Harley M. Kilgore (D W.Va.) Dec. 22 proposed the formation of a single Senate committee to cover all investigations of Communists and subversives. Kilgore said he did not care which committee got the job but he said he believed "one group" should do it.

BRIBE OFFER

Rep. John Lesinski (D Mich.) Dec. 16 said the FBI has been investigating reported bribe offers to Congressmen to influence their voting on federal pay raise legislation. (See CQ Weekly Report, p. 940.) Lesinski said he had been questioned, but added that "nobody" offered him money and he "certainly" accepted none.



the executive branch

BUY AMERICAN

President Eisenhower Dec. 17 ordered federal agencies to apply new and uniform standards under the 1933 "Buy American" Act, which gives preference to domestic suppliers in the awarding of government contracts.

Under the new order, domestic bidders can expect no more than a 6-10 percent price preference over foreign competition. Previously, a domestic supplier could get a federal order even if his bid was 25 percent higher than a foreign offer.

Domestic bidders, however, would be given preference even if their bids are higher than the new standards, if their production would be located in areas with high unemployment.

WATERSHED PLAN

President Eisenhower Dec. 18 issued an executive order spelling out rules and regulations for administering the Watershed Protection and Flood Prevention Act of 1954 (P. L. 566). The program will provide financial and technical aid to farmers living in small watersheds where floods, soil erosion or drought are causing serious damage.

ROCKEFELLER SWORN IN

Nelson A. Rockefeller was sworn in Dec. 22 as a special Presidential assistant to promote development of "increased understanding and co-operation among all peoples." The White House described the new job as an "enlargement" of the work once done by C. D. Jackson as a special assistant for co-ordinating cold war strategy in the psychological warfare field. Rockefeller, former Co-ordinator of Inter-American Affairs (1940-44) and Assistant Secretary of State for Latin American Affairs (1944-45), resigned as Under Secretary of Health, Education and Welfare to take the job.

MILITARY MANPOWER

Secretary of Defense Charles E. Wilson has revealed the Administration's proposed military reserve program, and announced plans to cut draft calls and reduce armed forces strength.

The new reserve program, Wilson said at a news conference Dec. 17, would give the U.S. a 5-million-man reserve by 1959. He said the present reserve system would remain relatively intact. In addition, he said, the Defense Department would permit an annual quota of 100,000 men under 19 years of age to volunteer for six months of active military training. The training would be followed by a nine-and-one-half-year active reserve obligation.

Wilson estimated the cost of the new reserve program when underway at about \$1.1 billion, or about \$350 million more than the Defense Department now pays for reserve activities and the federal share of national guard organization and training.

Wilson Dec. 20 announced a 50 percent cut in draft calls. He said the Defense Department plans gradually to reduce armed forces strength by 403,000 members

over the next 18 months. The Secretary said the decision to reduce armed forces strength was made separately from the plan to set up a new reserves program.

Rep. Carl Vinson (D. Ga.), prospective Chairman of the Armed Services Committee, said Dec. 22 Wilson would be asked to explain the cut.

Rep. Sam Rayburn (D. Tex.) called the cut "much too drastic."

Sen. Estes Kefauver (D. Tenn.) said he wanted assurance that the cut wasn't programmed "merely to balance the budget."

Sen. Russell B. Long (D. La.) said he favored an over-all cut, especially in non-combat personnel.

DULLES NEWS CONFERENCE

Secretary of State John Foster Dulles said at a Dec. 21 news conference that proposed changes in U.S. military manpower are made possible by development of new weapons and will make the U.S. stronger. Dulles said there are no plans for withdrawing any of the six United States divisions in Europe. He also said armed forces cutbacks were not made because the Administration believes the threat of war has decreased.

Dulles added that any Soviet attempt to invade West Europe would be "thrown back at the threshold" through the use of nuclear weapons.

ARMY-McCARTHY

The Department of Justice disclosed Dec. 18 that it has decided against any perjury prosecution based on the Army-McCarthy hearings. (See CQ Weekly Report, p. 782.) Justice officials said a study of the transcript had shown "inconsistencies" in testimony but no clear-cut evidence of falsehood.

FARM OUTPUT

Crop production in 1954 was the fifth largest on record, the Department of Agriculture said Dec. 17. Controls on wheat and other crops held the average down.

WEEKS GETS AWARD

Secretary of Commerce Sinclair Weeks was presented with the National Association of Manufacturers' 1954 Man of the Year Award on Dec. 16.

POWER CONTRACT

The Securities and Exchange Commission Dec. 21 ended two weeks of hearings on the controversial Dixon-Yates power contract. SEC Chairman Ralph H. Demmler announced opposing attorneys would have until Jan. 18, 1955, to file their final written arguments on the proposed financing of the power project. The Commission will hear oral arguments on Jan. 19, 1955. Rep. Chet Holifield (D. Calif.) and other Democrats have already promised to file resolutions condemning the project when the 84th Congress convenes. (For background, see CQ Weekly Report, p. 1439.)



committee roundup

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"NEO-FASCIST AND HATE GROUPS"

Committee -- House Un-American Activities.

Action -- Dec. 17 issued a preliminary report titled "Neo-Fascist and Hate Groups."

The Committee condemned a "resurgence of pro-Fascist and hate activity." It urged the Department of Justice to take immediate steps to prosecute the National Renaissance Party, whose "activities and propaganda are clearly subversive and un-American." The report continued: "Subversion cannot be combated by subversion. Those who would support the extreme right today do as great a violence to our national institutions as do those on the extreme left." The NRP's official organ, the monthly National Renaissance Bulletin, "is frankly billed as 'the only Fascist publication in America,'" the report added.

The NRP was formed in January, 1949, by James H. Madole, of Beacon, N.Y., who was called "a young fanatic" in the report. The report said Madole boasted in his May, 1953, Bulletin, "What Hitler accomplished in Europe, the National Renaissance Party shall yet accomplish in America." The April, 1952 Bulletin carries an article, the report said, in which the youth of America is asked "to choose between 'parliamentary democracy with its empty promises and discord or the clear, brave and youthful Fascist principles outlined here'."

The report attacked "the growth of the hate group in recent years...exemplified by the publishing endeavors of Conde J. McGinley and his son, C.J. McGinley...(who) operate as the Christian Educational Association, for the purpose of publishing a semi-monthly paper, Common Sense." This publication, the report states, "defines communism as 'Judaism' and devotes its pages almost exclusively to attacks on the Jewish and to a lesser extent the Negro minorities in our nation." The report said "Common Sense represents itself as 'the nation's anti-Communist paper'" but "such patriotic claims provide poor disguise, however, for some of the most vitriolic hate propaganda ever to come to the attention of the committee."

The Committee said some of its information revealed "a significant interchangeability of propagandists working for the allegedly patriotic Common Sense and the avowedly fascist National Renaissance Party."

FEDERAL EMPLOYEE TRAINING

Committee -- House Post Office and Civil Service.

Action -- Dec. 20 issued a report recommending the establishment of a training program for federal employees. The report said "lack of a comprehensive training program represents a serious weakness in the administration of the federal civil service."

SURVIVOR BENEFITS

Committee -- House Select Committee on Survivor Benefits.

Action -- Feb. 21 released a report (H Rept 2682) on benefit payments to survivors of armed forces personnel. The Committee said "thousands of survivors" were receiving monthly benefits amounting to "more than was the total base pay and allowances of the deceased while on active duty." The group added that by contrast many other survivors were receiving benefits "inadequate to meet their basic minimum needs."

The House unit called for changes in existing law to correct such inequities, and also recommended simplification of the law; termination of survivor benefits for certain reserve personnel; continuation of the six-month death gratuity paid by the Defense Department, and consideration of the possibility of placing all armed forces personnel under Social Security on a contributory basis, with the benefits that accrue replacing certain survivor benefits "now provided gratuitously."

UN-AMERICAN ACTIVITIES

Committee -- House Un-American Activities.

Action -- Two staff reports became public Dec. 21. In one, the Committee staff reported that Communists have had "little success" in the "infiltration and control of the Negro population" in the U.S. The report said this "can only reflect favorably on the loyalty and integrity of these Americans."

The second staff study charged that a publication called "March of Labor" is "carrying out the dictates of Lenin by bringing disguised Communist propaganda into the ranks of American workers." The report said the monthly magazine's "propaganda" was aimed at supporting "independent unions...ousted from the CIO because they were controlled by Communists," and was "designed to discredit American government policies..."

FOUNDATIONS PROBE

Committee -- House Special Committee to Investigate Tax-Exempt Foundations and Comparable Organizations.

Action -- Dec. 19 issued a report (H Rept. 2681) on its investigations of tax-exempt foundations. The majority report was signed by three Committee members, Chairman B. Carroll Reece (R Tenn.), Rep. Jesse P. Wolcott (R Mich.), and Rep. Angier L. Goodwin (R Mass.). Goodwin stated his signature should be taken as "unauthorized" because his statement of "strong reservations" was not included in the report. The Committee Dec. 20 released "additional views" of Goodwin on the investigation. Minority views were submitted by Reps. Gracie Pfoz (D Idaho) and Wayne L. Hays (D Ohio).

Majority Report -- The majority report stated that "...some of the larger foundations have directly supported 'subversion' in the true meaning of that term" and "have actively supported attacks upon our social and governmental system and financed the promotion of socialism and collectivist ideas." The report stressed that these foundations were "tragically outstanding exceptions."

The Committee found that "the rapidly increasing birth-rate of foundations" increases the possibility that

"...a large part of American industry may eventually come into the hands of the foundations...in the hands of closed groups, perhaps...families."

The alleged power of foundations when acting in concert was criticized by the report. It said they represent "a gigantic aggregate of capital and income" with "ramifications in almost every phase of research, education... communications...and even government." Such a "concentration of power," the report said, "is highly undesirable."

The report stated that combined efforts in the international field have promoted "'internationalism' in a particular sense—a form directed toward 'world government' and a derogation of American 'nationalism'." Foundations have, continued the report, "leaned toward a generally 'leftish' approach to international problems."

Additional Views -- Goodwin said the 1952 Cox Committee, of which he was a member, found that foundations had made "notable contributions" to the sciences, arts and public health. (See CQ Almanac, Vol. VIII, 1952, pp. 269ff) Goodwin dissented from the view that foundations "have rendered this country a great disservice by promoting socialistic doctrine through...domination, control and channeling of research in the social sciences." He also disagreed with the majority view that foundations were fostering socialistic teaching to the detriment of true Americanism.

Minority Views -- Reps. Hays and Pfof criticized the Committee staff for using "statements of fact and opinion...untrue on their face, others...at best half truths, and the vast majority...misleading" in preparing the report. They also criticized a "theme of prejudice" in the entire course of the Committee's activities.

Hays and Mrs. Pfof said tax-exempt foundations "have been indicted and convicted under procedures which can only be characterized as barbaric." They said "unfair, undemocratic treatment" has been given foundations when the staff refused to permit the inclusion in public hearing of "very substantial evidence available to rebut and utterly refute the opinions, biases, and the charges" against them. "Every principle of our Constitution as it protects the individual...was violated," the two Democrats charged. They accused the staff of "fear-sickness" representative "of only a small and unhealthy minority in the nation."

Related Developments -- Dean Rusk of the Rockefeller Foundation and H. Rowan Gaither, Jr., of the Ford Foundation Dec. 20 charged that the Committee had failed to print answers they had made to testimony given against them at public hearings. They called the Committee's methods unfair. "The Committee did not allow us to testify...We can only conclude the authors of the report regard as un-American every man, idea or institution with which they happen to disagree," Gaither said.

Mrs. Helen Rogers Reid, president of the Reid Foundation, said the Committee's charges against the New York Herald Tribune, of which she is chairman of the board, were false. Philip L. Graham, president and publisher of the Washington Post and Times-Herald, also denied the Committee's charges against his paper and the Meyer Foundation, set up by Eugene Meyer, chairman of the board of the paper.

Henry Edward Schultz, national chairman of the Anti-Defamation League of B'nai B'rith, called the report the "product of a kangaroo court." He said the Committee

had "juggled the receipt of data in order to tailor its majority report so as to convict, not investigate" the foundations. Shultz added that the league was attacked not because of evidence but because the league had publicly criticized the group in an article he had written.

HOUSING PROBE

Committee -- Senate Committee on Banking and Currency.

Action -- Issued a report on its investigation of the Federal Housing Administration and alleged irregularities and abuses connected with it. (See CQ Weekly Report, p. 1396.)

The Committee said that "a few greedy, and sometimes dishonest, builders and repairmen and incompetent, lax, and sometimes dishonest FHA officials" used the National Housing Act of 1934, as amended, to "enable a few to reap fortunes at the expense of the American people." The report said the "frauds" were permitted by "maladministration by FHA."

The report added that "FHA not only ignored that criminal provision of the act, but it virtually invited builders to make false statements in their applications." The Committee said it felt that "the general attitude" of FHA was that it was an agency "for the builders and for their benefit."

The Committee took testimony on 543 of the 7,045 projects insured under Section 608 of the National Housing Act. "In the projects that we have examined," the report stated, "total costs were more than \$75 million less than the mortgage proceeds." The report added that it is difficult, if not impossible, to find the total amount by which the American people "were defrauded in the FHA program."

The report stated that twice, in 1951 and 1953, the Attorney General tried to prosecute builders for "false or incomplete disclosures." It said in each case the general counsel of FHA said the agency was not deceived "because it did not rely on the statements of the builders."

An amendment to the Housing Act, passed in 1947, provided that FHA should "use every feasible means to assure that...estimates will approximate as closely as possible the actual costs of efficient building operations." The Committee's report said the "record discloses that FHA wholly ignored this act of Congress."

Democratic members of the Committee said they felt that the report went too far in giving an impression that "virtually all cases involving an excess of mortgage amount over actual costs involved fraud." The minority remarks criticized the vague use of the word "fraud" and questioned whether it was given the meaning it has in criminal proceedings.

The majority report said that it did not mean to infer that all "or any great percentage" of FHA's employees were dishonest, but it did not believe that incidents uncovered by the investigation were "isolated cases." The minority said the report did not make clear that only "relatively few in the industry and in FHA were guilty of malfeasance, obstruction, or deliberate misrepresentation."

The Committee concluded that no legislative changes should be made now since the Housing Act of 1954 has been in effect only a few months. It felt that further time should be given to see if the Act's provisions "will cure the evils referred to in this report."



congressional quiz

1. Q--I'm anxious to see more Congressional committee hearings on television next year. What are the prospects?

A--Not so good, in regard to House committee hearings. Rep. Sam Rayburn (D Tex.), who is slated to be Speaker in the 84th Congress, has stated that he will ban radio-TV coverage of House committee activities. The House could override Rayburn by changing the rules, but that chance is slim. In the Senate, the question has been left to the discretion of the committees concerned. According to present prospects, this setup will remain unchanged during the 84th Congress.

2. Q--By what authority can the House Speaker ban radio-television coverage of House committee activities?

A--There are no specific House rules governing radio-TV coverage. Speaker Rayburn has said "...there is no rule granting the privilege of television of the House...and the Chair interprets that as applying to these committees or subcommittees, whether they sit in Washington or elsewhere ..."

3. Q--What is "industrial dispersion?"

A--According to a National Security Resources Board definition, "industrial dispersion is the employment of the simple military measure of using space and topography for defense against attack and for the protection of our national defense production capacity. Dispersion will create a multiplicity of targets and reduce the relative vulnerability of any one concentration."

4. Q--In the government's opinion, how far from likely target areas should new industries be located to be considered relatively safe from enemy attack?

A--At present, the government recommends that new industrial areas should be 10 to 20 miles from any "densely populated or highly industrialized" area or major military installation. But the Office of Defense Mobilization currently is studying the advisability of extending the minimum safety zone.

5. Q--How is the government encouraging industry to disperse?

A--The major incentive is the granting of tax benefits. New or expanding defense-related industries which cost \$1 million or more usually must meet dispersion requirements before they can become eligible for the accelerated tax amortization program. This program provides that the costs of government-certified defense facilities may be amortized over a five-year period.

6. Q--From what sources do state, local and federal governments get most of their money?

A--According to the U. S. Census Bureau, in 1953 the federal government received 39.7 percent of its income from individual income taxes and 28.3 percent from income taxes on corporations. States received 40.8 percent of their income from sales taxes, while localities used property taxes to collect 58.6 percent of their revenue. When all governmental units are considered together, the largest single source of revenue is the individual income tax, which provides 29.3 percent of all funds collected by state, local and federal governments.

7. Q--I've seen reports of campaigns to shift the state and local tax load. Who's behind them?

A--Local chambers of commerce, business federations and tax foundations, with indirect links to the Chamber of Commerce of the U.S. and the National Association of Manufacturers, are planning a fight against what they call "incentive-stifling" progressive taxes found in some states and communities. They urge a system of taxation which would make the ability-to-pay system "less onerous." The opposition is led by labor groups, mainly CIO and AFL, who want states and localities to place greater emphasis on progressive income tax levies and less on sales and property taxes. The labor unions feel there is now a "disproportionate" burden on low and middle income families.

8. Q--Has free world trade with the China mainland, now controlled by the Communists, changed in the past few years?

A--Yes. Exports to China have declined. They were \$672 million in 1947, \$284 million in 1953. Imports from China totaled \$418 million in 1947, reached a high point of \$535 million in 1950, and sagged to \$434 million in 1953.

9. Q--Is there still an embargo on all Red Chinese trade with the U.S.?

A--Yes. The embargo announced Dec. 16, 1950, is still in effect. The embargo announcement also impounded all Red Chinese assets in the U.S. A partial embargo on shipments of munitions and strategic materials to China was also instituted by most nations of the free world following approval of an embargo resolution in the U.N. General Assembly on May 18, 1951.

NOTE: CQ Weekly Report pages on which additional data may be found: (1), (2) 1420; (3), (4), (5) 1429; (6), (7) 1434; (8), (9) 1432.



the week in congress

Reveille Secretary of Defense Charles E. Wilson woke up military-minded Congressmen by announcing a new reserve program and military manpower cuts. Secretary of State John Foster Dulles endorsed Wilson's proposals by saying that manpower reductions are possible because of development of new weapons. But Rep. Sam Rayburn (D Tex.) called the cuts "much too drastic," and Sen. Estes Kefauver (D Tenn.) said he wanted assurances the program was not designed "merely to balance the budget." Rep. Carl Vinson (D Ga.) said Wilson would be asked to explain the cuts in the 84th Congress.

In The Committees

Three Congressional committees made news by releasing reports based on their investigations of alleged housing scandals, tax-exempt foundations and "neo-fascist and hate groups."

Housing Probe The Senate Banking and Currency Committee blamed "a few greedy, and sometimes dishonest, builders and repairmen and incompetent, lax, and sometimes dishonest FHA officials" for housing irregularities. The report said the "frauds" were permitted by "maladministration by FHA."

Foundations Probe A special House committee released a report contending some of the larger foundations "have directly supported 'subversion' in the true meaning of that term." Some groups, said the report, "have actively supported attacks upon our social and governmental system and financed the promotion of socialism and collectivist ideas." Two Democrats disagreed with the findings, while one of the three Republicans signing the report expressed reservations by filing additional views.

And Back To Congress...

The Securities and Exchange Commission wound up its hearings on the controversial Dixon-Yates power contract. The SEC must still receive written briefs and hear oral arguments before ruling on the utility combine's plans for financing a proposed new power plant.

The interval will give the contract's opponents another chance to attack it in Congress. Rep. Chet Holifield (D Calif.) and other Democrats have already promised to file resolutions condemning the project.

"Hate Groups" The House Un-American Activities Committee condemned a "resurgence of pro-fascist and hate activity." The group said "those who would support the extreme right today do as great a violence to our national institutions as do those on the extreme left." It urged the Justice Department to investigate one organization, the National Renaissance Party, whose activities were termed "clearly subversive."

Behind The Headlines

A first-class scramble is taking place on Capitol Hill for the five new Democratic seats on the House Ways and Means Committee. Reason is that protectionist-minded Democrats -- and there are some -- expect the Eisenhower Administration to make a major effort to liberalize U.S. foreign economic policy, including the reciprocal trade program. They'll have a big say in deciding the fate of any Administration plan. Membership

on the Committee, which handles reciprocal trade legislation, would put them in a strong position to make their views felt. As the new majority party, Democrats inherit from the Republicans the right to 15 seats on the 25-member Committee.

Stories here are summaries of the week's events. For Weekly Report pages with more details, check contents on the cover.

tee. First in line for committee openings are Representatives with prior committee service who lost their seats in 1953 when control of Congress passed to the Republicans. But of the 15 Democrats who sat on the Ways and Means Committee in 1952, only 11 will be around on Jan. 5, and 10 of them are currently Committee members. If the odd man, Rep. Burr P. Harrison (D Va.) regains his seat, there still will be four openings.